

**THE SUSTAINABILITY OF NOT-FOR-PROFIT ORGANISATIONS IN NAMIBIA**

by

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## DECLARATION

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I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.



SIGNATURE

8 September 2020

DATE

## DEDICATION

For Mum

## **ACKNOWLEDGEMENTS**

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## **ABSTRACT**

The purpose of this study was to adapt a strategic management model for use in not-for-profit organisations in Namibia. Such organisations are facing increasingly turbulent environments and strategic management has been useful for allowing them to adapt better and to remain sustainable. Not-for-profit organisations, also known as the third sector, make a significant economic contribution; a contribution which, in Namibia, amounted to 2.1% of GDP in 2015/16.

However, not-for-profit organisations are largely reliant on donor funding. In Namibia, such funding has declined by 33% since 2010, accounting for just 6% of total health expenditure in 2014/15. A triangular approach to strategic management, with a strategic focus on financial sustainability, programme sustainability and people sustainability, is deemed to be the most effective way to address sustainability in not-for-profit organisations.

Accordingly, a qualitative study was undertaken to investigate the way in which not-for-profit organisations that receive PEPFAR funding and operate in the field of HIV/AIDS in Namibia conduct their strategic management. A pragmatic research philosophy was followed with an abductive approach to theory development. The research strategy comprised a case study conducted within a cross-sectional time frame. Purposive sampling was used to identify the 12 research participants, with whom semi-structured interviews were conducted. Data were subsequently analysed using content and thematic analysis.

The study concluded that not-for-profit organisations in Namibia carry out limited strategic management. The thematic analysis, however, showed relationships between strategic management and sustainability, strategic management and financial sustainability, strategic management and programme sustainability, and strategic management and people sustainability. A strategic management model was subsequently adapted for use in not-for-profit organisations in Namibia.

This model covers the stages of strategic management, namely, the business mission, external and internal analyses, strategy formulation, programme formulation, implementation, as well as feedback and control. Additionally, the model addresses strategic management and the triangular sustainability of

organisations in terms of financial, programme and people aspects, and presents the tools necessary for both external and internal analysis during strategy making. This study concludes that the use of this adapted model for strategic management will contribute to the sustainability of not-for-profit organisations in Namibia.

**Key terms:** strategic management; not-for-profit organisations; sustainability; Namibia; triangular sustainability; financial sustainability, programme sustainability; people sustainability; strategic management model; third sector; donors; HIV/AIDS

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## LIST OF ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral treatment
BCG	Boston Consulting Group
BIPA	Business and Intellectual Property Authority
BJGP	British Journal of General Practice
BMC	BioMed Central
BoD	Board of Directors
CDC	Centers for Disease Control
CEMS	College of Economic and Management Sciences
CEO	Chief executive officer
CIRP	<i>Collège International pour la Recherche en Productique</i>
CoMeTS	Comparative method for themes saturation
CSO	Civil Society Organisations
DAPP	Development Aid from People to People
FAADS	Federal Assistance Award Data System
FY	Financial year
GATFM	Global Fund to fight AIDS, Tuberculosis and Malaria
GDP	Gross domestic product
GKN	Guest, Keen and Nettlefolds
GNI	Gross national income
HISP	Health Information Systems Program
HIV	Human immunodeficiency virus
HPP	Harambee Prosperity Plan
HR	Human resources
ILO	International Labour Organisation
INGO	International non-governmental organisations
INTRAC	International NGO Training and Research Centre
IR 4.0	Fourth industrial revolution
ISI	Institute for Scientific Information
I-TECH	International Training Education Centre for Health

IUP	Indiana University of Pennsylvania
KNCV	<i>Koninklijke Nederlandse Centrale Vereniging tot bestrijding der Tuberculose</i>
MCH	Maternal and child health
MIT	Massachusetts Institute of Technology
MoHSS	Ministry of Health and Social Services
NDP5	Namibia Fifth National Development Plan
NGO	Non-governmental organisations
NPC	National Planning Commission
NSA	Namibia Statistics Agency
OECD	Organisation for Economic Cooperation and Development
OVC	Orphans and vulnerable children
PDCA	Plan, do, check, act
PEPFAR	The President's Emergency Plan for AIDS Relief
PEST	Political, economic, social, technological
PESTEL	Political, economic, social, technological, environmental, legal
PLHIV	People living with HIV
PM	Project management
QDA	Qualitative data analysis
R4D	Results for development
SDG	Sustainable Development Goals
SFH	Society for Family Health
SHOPS	Strengthening Health Outcomes through the Private Sector
SME	Small and medium-sized enterprises
SSA	Sub-Saharan Africa
SWOT	Strengths, weaknesses, opportunities, threats
UK	United Kingdom
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNISA	University of South Africa
US	United States

USA	United States of America
USAID	United States Agency for International Development
USG	United States Government
VMMC	Voluntary medical male circumcision
VRIO	Valuable, rare, imitability, organisation
WCED	World Commission on Environment and Development
WEF	World Economic Forum
WHO	World Health Organisation
WTO	World Trade Organisation



## **CHAPTER 1: INTRODUCTION AND BACKGROUND**

### **1.1 INTRODUCTION**

This study concerned the adaptation of a model for strategic management in not-for-profit organisations in Namibia. The focus of the research was on the sustainability of these organisations in the face of the various challenges they are experiencing.

A model (noun) is a plan or form to be used as a pattern to follow (Oxford Dictionary of English, 2015). Models are narratives that may describe the way in which companies operate, the overall arrangement of an organisation's corporate structures and how an organisation generates and seizes value (Grant, 2016:171). Models contain management's plan for providing a product or service to a consumer in a way that will create income (Thompson, Peteraf, Gamble & Strickland, 2017:9). Models has been used for strategic management and the strategic management model developed by Thompson, Strickland and Gamble (2005:18) and later Thompson et al. (2017:20) has been extensively referenced. Importantly, the strategic management model of Kriemadis and Theakou (2007:34) was specifically developed for not-for-profit sport organisations, where the focus is not profit-driven but rather maximising outputs within budgetary constraints. In addition, particular focus was on integrating the concept of triangular sustainability in not-for-profit organisations as described by Mourão and Enes (2017:836).

This introductory chapter presents an abridged background to the situation on strategic management and not-for-profit organisations globally and in Namibia. It continues by outlining the research focus and the research problem, as well as addressing the research questions and objectives. A brief literature review and the research methodology are also outlined, including an analysis of the qualitative outlooks used in this study. The research methodology followed was also discussed, including the means of data collection, data analysis and interpretation.

The chapter concluded with a discussion on the ethical considerations, the limitations of the study and the contribution to knowledge.

## 1.2 RESEARCH BACKGROUND

Strategic management is an important contributing factor to organisational success (Thompson et al., 2005:5; Thompson et al., 2017:3). Since its inception in the 1950s and 1960s, thinking on strategic management has evolved, with McNamara (2007:1) later identifying six planning models (conventional, issues-based, organic, real-time, alignment, inspirational) to assist organisations in constructing strategic plans (Maxegwana, 2012:24). Strategic planning refers to the progressive approach to strategy development which results in a document, while strategic management refers to the entire process from strategic planning to evaluation of results (Ullah Khanam, 2008: Ramírez & Selsky, 2016:91; Wolf & Floyd, 2017:1777). Strategic management includes five stages which are developing a strategic vision, mission and core values; setting objectives; crafting a strategy to achieve the objectives and vision; executing the strategy; monitoring the strategy development and evaluating the performance while making adjustments to improve strategic management (Thompson et al., 2005:18; Thompson et al., 2017:20). The limitations of strategic management include that there is no applicable model for different types of organisations, and the fact that strategic plans are difficult, time consuming as well as costly to prepare, and are detached from the everyday processes (Siciliano, 1997:388; Mulhare, 1999:324; Moore, 2003:3; James, 2011:5; Grant, 2016:22-24).

Not-for-profit organisations are difficult to define because of their diverse scope and reach (Werker & Ahmed, 2008:3; Lewis, 2010:1057; Von Schnurbein, Perez & Gehringer, 2017:3). A broad description of not-for-profit organisations refers to a range of organisations, which are autonomous of government and concerned with benevolent activities to improve lives (World Bank, 1989:1; Werker & Ahmed, 2008:3; Lewis, 2010:1057; Von Schnurbein et al., 2017:3). The literature classifies the not-for-profit sector as the “third sector”, which functions independently of government (public sector) and the markets (private sector) (Gidron, 2010:1550; Pape, Chaves-Ávila, Pahl, Petrella, Pielinski & Savall-Morera, 2016:547; Hodges & Howieson, 2017:69; Von Schnurbein et al., 2017:4-5).

The contribution made by the not-for-profit sector to countries' economies over time is increasing (Salamon, Sokolowski, Haddock & Tice, 2013:1). In the mid-1990s, not-for-profit organisations accounted for a turnover of 1.3 trillion United States (US)

dollars in 35 countries as well as 39.5 million full-time equivalent workers (Weideman, 2012:22). This trend has continued and, in 2010, not-for-profit organisations accounted for 22 trillion US dollars in operating expenditure in 40 countries (Weideman, 2012:22). In a longitudinal study of 15 countries from 2008 to 2013 (Australia, Belgium, Brazil, Canada, Czech Republic, France, Israel, Japan, Mexico, Mozambique, New Zealand, Norway, Portugal, Thailand and the United States of America [USA]), not-for-profit organisations contributed an average of 4.5% towards the various countries' gross domestic product (GDP) (Salamon et al., 2013:15) and an average of 7.4% of the total labour force of those countries (Salamon et al., 2013:13). In Namibia, for the period 2015/16, development funding contributed 2.1% to GDP and, in 2014, the employment in this sector amounted to 0.7% of the total labour force in the country (Republic of Namibia. National Planning Commission, 2014; Republic of Namibia. National Statistics Agency (NSA), 2015:59; Bank of Namibia, 2017a).

The contribution of development funding in Namibia should be seen in context. The annual average economic growth rate in Namibia between 2010 and 2014 was 5.6% (World Bank, 2016). While this represents a stable growth rate, Namibia's currency, which is pegged to the South African rand, the volatility of the South African economy and the sluggish recovery of the global economy after the 2008 recession make the Namibian economy vulnerable to external shocks (Bank of Namibia, 2017b).

The President's Emergency Plan for AIDS (Acquired Immune Deficiency Syndrome) Relief (PEPFAR), one of the largest bilateral aid programmes globally (Chin, Sangmanee & Piergallini, 2015:151; Lee & Izama, 2015:282), funded 4.3% of Namibia's development budget in 2015/16, with funding being mainly allocated to not-for-profit organisations (PEPFAR, 2015).

PEPFAR focuses specifically on providing funding in 12 sub-Saharan African (SSA) countries (Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia) to combat the human immunodeficiency virus (HIV) or AIDS pandemic (Chin et al., 2015:151). In 2012/13, PEPFAR funded 51% of total health expenditure on HIV/AIDS in Namibia (Republic of Namibia. Ministry of Health and Social Services (MoHSS), 2015a:21).

Since Namibia's classification as an upper middle-income country (Robertson, Ron Levey & Crosby, 2013:13), donor funding received, which includes PEPFAR funding, has since 2010 declined by 33% (Robertson et al., 2013:7 & 27) and donor funding for health has declined from 22% in 2008/9 to 8% in 2012/13 (Republic of Namibia. MoHSS, 2015a:9) and further to 6% in 2014/15 (Republic of Namibia. MoHSS, 2017:5).

Not-for-profit organisations aim to overcome seemingly insurmountable social issues with limited resources (Kaplan, 2001:359; James, 2011:1; Aschari-Lincoln & Jäger, 2016:613) and this may result in inadequacies in strategic management, which in turn may have an impact on the effectiveness and sustainability of these organisations (Zajontz & Leysens, 2015:16). Challenges include sustainability issues in the financial, programming and people aspects of management (Aschari-Lincoln & Jäger, 2016:626; Bish & Becker, 2016:439; Maier, Meyer & Steinbereithner, 2016:75).

Some aspects identified in the literature include expanding practical methods for attaining professionalisation and becoming more "business-like", as well as increasing the analysis of not-for-profit organisations by providing further practical evidence and case studies comparing organisations (Maier et al., 2016:74; Von Schnurbein et al., 2017:24). Other aspects relate to the idea that literature should seek to broaden and improve the theoretical descriptions and definitions of terms offered in not-for-profit settings, as well as to offer additional research data related to not-for-profit organisations, which would assist in synthesising the fragmented research and help in theory building (Maier et al., 2016:78). Additional aspects include that research needs to focus on applying strategic management to address organisational challenges and turbulent environments (Aschari-Lincoln & Jäger, 2016:613). These aspects indicated that a focus on sustainability and a measure to evaluate and gauge programme implementation and performance are lacking (Kaplan, 2001:359; Moore, 2003:3; James, 2011:3; Maier et al., 2016:75). This study focused on addressing these inadequacies by adapting a strategic management model for not-for-profit organisations to assist them in addressing their sustainability challenges.

### **1.3 RESEARCH FOCUS**

This study focused on strategic management in not-for-profit organisations in Namibia, specifically on PEPFAR-funded organisations delivering HIV and AIDS-related services, as funding for these organisations has declined. In Namibia, a study on total health expenditure concluded that donor funding amounted to 6.8% of GDP in 2010 (Strengthening Health Outcomes through the Private Sector (SHOPS) Project, 2015:1), whereas spending on HIV equalled 13% of the country's total health expenditure (Health Policy Project, 2016:2). It should be noted here that the World Bank has classified Namibia as an upper-middle income country (Robertson et al., 2013:13), which may be one of the reasons why donor funding in Namibia has declined by 33% since 2010 (Robertson et al., 2013:7 & 27). Notably, in 2008/9, donors (PEPFAR and the Global Fund to Fight AIDS, Tuberculosis, and Malaria) provided 22% of the country's total health expenditure (SHOPS Project, 2015:1). This donor contribution has further declined from 8% in 2012/13 (Republic of Namibia. MoHSS, 2015a:9) to 6% in 2014/15 (Republic of Namibia. MoHSS, 2017:5). In 2014, PEPFAR contributed 25% of the total expenditure on HIV in Namibia (SHOPS Project, 2015:1). Accordingly, the decline in funding is expected to have a negative impact on not-for-profit organisations, which receive their funding primarily from PEPFAR.

#### **1.3.1 Problem statement**

The problem investigated in this study is that not-for-profit organisations do limited strategic management for sustainability and do not have any particular model to guide organisational strategic management in order for them to become sustainable. There is a disconnect between strategy formulation and implementation in not-for-profit organisations and in the literature, and empirical research in this area is lacking (Engert & Baumgartner, 2016:823). Furthermore, there is an absence of practical structures on how to integrate sustainability into business decisions and how achieving strategic success would result in organisational sustainability (Shields & Shelleman, 2015:60; Baumgartner & Rauter, 2017:81). The researcher noted limited research available that addresses strategic management in not-for-profit organisations (Bryson, 1988:73; Kaplan, 2001:354; Aschari-Lincoln & Jäger, 2016:613; Bish & Becker, 2016:438; Maier et al., 2016:75).

Specific research on strategic management in not-for-profit organisations is scarce and, from 1981 to 2016, only 13 articles containing empirical research on the issue have been published. Of these 13 articles, none addressed the use and appropriateness of strategic management models in not-for-profit organisations (Laurett & Ferreira, 2018:15). Additionally, the researcher has noted that a limited number of strategic management models have been specifically adapted for use in not-for-profit organisations in Namibia (James, 2011:6).

Additionally, limited research has been done on how strategic management could be used to address sustainability in terms of the following three constructs: namely, financial, programme and people aspects (Stone, Bigelow & Crittenden, 1999:378; Zajontz & Leysens, 2015:16; Aschari-Lincoln & Jäger, 2016:613; Mourão & Enes, 2017:836). Organisations receiving donor funding from PEPFAR are only required to report on a quarterly basis on their programmatic progress and financial status (Aschari-Lincoln & Jäger, 2016:626; Bish & Becker, 2016:443; Maier et al., 2016:75). Accordingly, this research will seek to adapt a strategic management model for not-for-profit organisations that will address sustainability challenges in terms of financial, programme and people constructs. This will be discussed further in section 1.6.3 of this chapter.

Financial aspects in sustainability include the lack of diversification of funding sources (Aschari-Lincoln & Jäger, 2016:626; Maier et al., 2016:75), the inability to continue operations after donor funding has been depleted or withdrawn (Zajontz & Leysens, 2015:9; Aschari-Lincoln & Jäger, 2016:614), low overhead margins that restrict organisations from focusing on business development, and the fact that donor funding restrictions do not allow organisations to accumulate reserves (Zajontz & Leysens, 2015:9). Programming aspects in sustainability include the fact that work is done on a project basis; donors have conflicting requirements; differences exist in tracking project-specific monitoring and evaluation targets; and the fact that the social impact of projects is seldom measured (Robertson et al., 2013:31; Lee & Izama, 2015:281; Zajontz & Leysens, 2015:9 & 13). People aspects include the lack of core skills in terms of business acumen and management (Bish & Becker, 2016:438). Projects often require specific technical abilities to deliver on donor targets and thus only the skills required for project implementation are

attracted (Aschari-Lincoln & Jäger, 2016:6; Bish & Becker, 2016:443; Maier et al., 2016:71). Moreover, the short-term nature of projects and the lower-than-average remuneration packages attract inferior skills and have an impact on retention (Robertson et al., 2013:31; Maier et al., 2016:70&71).

### **1.3.2 Research questions**

The following research questions were outlined for this study:

- What were the processes by which not-for-profit organisations conduct their strategic management?
- What were the shortcomings in the strategic management processes of not-for-profit organisations?
- How did not-for-profit organisations evaluate the implementation and performance of their strategic plans?
- What strategic management models were used by not-for-profit organisations in Namibia?
- How were applicable models synthesised into one comprehensive model to guide strategic management?

### **1.3.3 Primary and secondary objectives**

The primary objective of the research was to adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process.

To achieve the primary objective, the following secondary objectives of the study were formulated:

- To identify the processes by which not-for-profit organisations conduct their strategic management.

- To identify the shortcomings in the strategic management processes of not-for-profit organisations.
- To assess whether and in what way not-for-profit organisations evaluate the implementation and performance of their strategic plans.
- To revise the strategic management models used by not-for-profit organisations in Namibia.
- To synthesise applicable models into a comprehensive model to guide strategic management.

#### **1.4 CONTRIBUTION TO KNOWLEDGE**

This study contributed to knowledge in both theoretical and practical terms. A few authors have noted research in the area of strategic management in not-for-profit organisations (Bryson, 1988:73; Kaplan, 2001:354; Aschari-Lincoln & Jäger, 2016:613; Bish & Becker, 2016:438; Maier et al., 2016:75). Furthermore, research conducted by Thompson et al. (2005:18), Thompson et al. (2017:20) and Kriemadis and Theakou (2007:34) has identified specific models to guide not-for-profit organisations in the task of strategic management. However, these models did not adequately capture the sustainability of three aspects – financial, programme and people. The researcher found limited evidence of literature that focused on sustainability in terms of financial, programme and people aspects. In addition, the researcher has not identified any model that support these sustainability challenges. This study proposes to adapt a model for strategic management for not-for-profit organisations in Namibia with a particular focus on the sustainability of these organisations and on addressing financial, programme and people aspects.

The study also contributed to theory building as it linked the results of the study to theory and tested the existing management theory which holds that improved strategic management is crucial for organisational efficiency and viability. The adaptations to the models developed by Thompson et al. (2005:18), Thompson et al. (2017:20) and Kriemadis and Theakou (2007:34) added to the theoretical contribution as it relates to enhancement of the body of knowledge (Crane, Henriques, Husted & Matten, 2016:785). The theory and empirical findings of the



study contributed towards our understanding of how strategic management is done in not-for-profit organisations. The contribution of this study built on existing knowledge on the constructs of financial, programme and people in strategic management. In this way, it supported the strengthening of not-for-profit organisations and expands on the way strategic management methods are applied, adding to the available data on not-for-profit organisations by presenting a case study of different organisations and in so doing providing further practical and empirical evidence on not-for-profit organisations (Maier et al., 2016:74). It also added to knowledge through the contribution of empirical evidence to the area of not-for-profit organisations in Namibia. The main methodological contribution of this study was the combination of strategic management components and models to the concepts of triangular sustainability and particularly financial, programme and people constructs and its applicability in not-for-profit organisations. Another methodological contribution was that the study applies the theoretical concepts in strategic management to not-for-profit organisations. Furthermore, this study expanded on the application of research methods in the use of abductive theory development in a case study application in not-for-profit organisations in Namibia.

In addition, the study contributed in a practical way to management theory and professional management practice by providing insights into strategic management for not-for-profit organisations in Namibia. Another contribution of the study was the adapted strategic management model to address the perceived shortcomings in regard to sustainability issues in the strategic management processes of not-for-profit organisations in Namibia.

## **1.5 SIGNIFICANCE OF THIS STUDY**

This research is significant since it adds to theoretical knowledge on strategic management in not-for-profit organisations. A systematic review of the literature in this field revealed that for the period 1980 to 2016, only 13 articles had been published on empirical studies of strategic management in not-for-profit organisations (Laurett & Ferreira, 2018:15). Similarly, research on not-for-profit organisations in Namibia is limited (Höhn, 2008:6-9) and the study adds to this knowledge. The study further adds to the theory as it adapted a strategic management model for use in not-for-profit organisations. This model addresses

sustainability in not-for-profit organisations by focusing on the financial, programme and people aspects of sustainability and also provides tools to assist in strategy making and strategic management.

The practical contribution of this study is that it adds to management theory and professional management practice in not-for-profit organisations by guiding the process of strategic management for not-for-profit organisations in Namibia. Further practical contributions are made to the sustainability of not-for-profit organisations in that the adapted strategic management model addresses the shortcomings in sustainability as regards financial, programme and people issues. Additionally, the tools useful for strategy making, as well as implementation, monitoring, evaluation and improvement, are included in the model.

## **1.6 LITERATURE REVIEW**

The next sections present an introductory literature review of strategic management and not-for-profit organisations and the application of strategic management in those organisations.

### **1.6.1 Strategy**

Strategy is defined as the ordering of approaches to accomplish future objectives (Thompson et al., 2005:3; James, 2011:2; Thompson et al., 2017:3). Strategy requires the mobilisation and distribution of resources (Mulhare, 1999:324; Ungerer, Pretorius & Herholdt, 2011:11; Aithal & Acharya, 2016:180; Suarez, Calvo-Mora & Roldán, 2016:540). The importance of strategy, as argued by Grant (2016:16), is that it improves choices, enabling the business to direct efforts to obtain long-term objectives.

Strategic planning is viewed as a plan that captures the strategy that has been decided on paper (James, 2011:4; Thompson et al., 2017:20; Wolf & Floyd, 2017:1757). Bryson (1988:74) defines strategic planning as “methodically outlining the critical decisions and actions that would determine the nature and direction of an organisation’s activities” (Wolf & Floyd, 2017:1757). Strategic planning is also defined as long-term thinking (James, 2011:4) and a formal method of planning (Mulhare, 1999:324; Charles, Ojera & David, 2015:9 Thompson et al., 2017:20).

Strategic management entails the actual implementation of the strategic plans (Ullah & Khanam, 2008:4), and is a process which is recurring and repetitive (Ullah & Khanam, 2008:6). Mulhare (1999:324) adds that the process is logical and that results should be evaluated. In essence, strategic management directs where the organisation is going and sets planned goals, while sketching viable changes and tactics to attain these goals (Grant, 2016:17; Ramírez & Selsky, 2016:91; Thompson et al., 2017:20; Wolf & Floyd, 2017:1763).

#### 1.6.1.1 *The evolution of strategic management*

The notion of strategic management first arose in the 1950s and 1960s when the traditional thinking was that it should concentrate on the distinct competition in the commercial setting in which the main objective was to accomplish growth of profits (Grant, 2016:13). Since the beginning of the 1990s, attention has moved from growing revenue from outside clients to the sources of revenue within the organisation, where strategy developed into generating prospective possibilities, developing strategic improvements and pursuing emergent customers and was, thus, less about plans (Aithal & Acharya, 2016:180; Grant, 2016:14; Planellas, 2017:5). Early processes of strategic management included, firstly, formulation and, secondly, conception (Nutt, 1984:58).

#### 1.6.1.2 *Strategic planning and management*

The outcomes of a strategic plan are defined in terms of quality, acceptance and innovation (Nutt, 1984:66). Nutt (1984:67) outlines six archetypes of strategic planning, which are comprehensive (elaborate techniques), traditional, prototype, utility, seductive and gesture planning. While comprehensive strategic planning involves intricate techniques, traditional planning focuses more on the long term, and prototype planning is more focused on benchmarking to gauge the environment (Nutt, 1984:68-72; Stone et al., 1999:403; Suarez et al., 2016:540). Utility planning is used to expand the chief executive officer's (CEO) views of what should happen, seductive planning is used as long-term planning to mollify others, and gesture planning happens when strategic planning was imposed by a third party (Nutt, 1984:72-74; Stone et al., 1999:403). The process of strategic management involves the crafting and execution of strategy and includes the evaluation of the strategy as an important component (Kaplan 2001:356-358; Thompson et al., 2005:18;

Thompson et al., 2017:19-20). McNamara (2007:2) defines outcomes of strategic management as relevant, realistic and flexible.

#### 1.6.1.3 *Strategic management models*

Strategic management models are useful for guiding the thinking around how the organisation is managed. Six models are – conventional, issues-based, organic, real-time, alignment and inspirational (McNamara, 2007:2-4; Kriemadis & Theakou, 2007:29; Maxegwana, 2012:24-25). Conventional models require ample resources to reach impressive goals (McNamara, 2007:1; Kriemadis & Theakou, 2007:29; Maxegwana, 2012:24), whereas issues-based models can mobilise limited resources to address significant issues (McNamara, 2007:2; Kriemadis & Theakou, 2007:29; Maxegwana, 2012:24).

Organic or self-organising models are applied to vigorously active systems, while real-time models would be more suitable for swiftly fluctuating settings outside the organisation (McNamara, 2007:3; Kriemadis & Theakou, 2007:29; Maxegwana, 2012:25). Alignment models are useful for supporting core processes to realise overall goals, and inspirational models are used as a motivator to produce results within limited time (McNamara, 2007:4; Kriemadis & Theakou, 2007:29; Maxegwana, 2012:24). This study adapted Thompson et al.'s (2005:18), Thompson et al.'s (2017:20) as well as Kriemadis and Theakou's (2007:34) strategic management models for use in not-for-profit organisations.

#### 1.6.1.4 *Criticisms and limitations of strategic management*

Criticisms of strategic management include the fact that there is no perfect model (Mulhare, 1999:323; Daidj, 2015:73; Grant, 2016:365; Wolf & Floyd, 2017:1765); scepticism about the applicability of strategic management models to different types of organisations (Stone et al., 1999:410-411); as well as difficult and protracted, expensive (Mulhare, 1999:324; Grant, 2016:365) and inadequate performance measures (Siciliano, 1997:398; Moore, 2003:3; Grant, 2016:24; Laurett & Ferreira, 2018:12).

The limitations of strategic management include the fact that it is detached from day-to-day processes (Grant, 2016:22); existing theories and methods for strategic management are inadequate for tackling the challenges related to creating and

applying strategies in ambiguous circumstances; and strategic management does not offer solutions to challenges (Grant, 2016:24). Deficiencies in strategic management tools include their failure to provide more than a basic overview of industry appeal and the lack of practical improvements. Furthermore, strategic management tools merely provide a vague understanding of the internal and external environment and fail to acknowledge possible synergies (Grant, 2016:365).

### **1.6.2 Overview of not-for-profit organisations**

Defining not-for-profit organisations is difficult (World Bank, 1989:8; Werker & Ahmed, 2008:3; Lewis, 2010:1057; Von Schnurbein et al., 2017:3), as there is a myriad in existence and these may be classified as ranging from small to large, informal to formal, and flexible to inflexible. Such organisations may also be funded by local sources or may receive external donor funding (Lewis, 2010:1058). The World Bank (1989:5 & 8; 1999:1) defines not-for-profit organisations to “include a large variety of groups and institutions that are entirely or largely independent of the government and are characterised by humanitarian or cooperative rather than commercial objectives”. Not-for-profit organisations are “non-membership, development-oriented organisations” (Farrington, 1997:256; Dugle, Akanbang & Salakpi, 2015:146; Salamon & Sokolowski, 2016:1528).

Not-for-profit organisations are classified into two types: according to orientation and according to the level of operation (World Bank 1999:1; Dugle et al., 2015:146). Organisations classified in terms of orientation may firstly include charitable organisations that meet the needs of the poor such as relief organisations; secondly, service organisations that provide a service to beneficiaries; thirdly, participatory organisations that offer self-help and community development; and finally, empowering organisations that aim to improve the consciousness of beneficiaries to regulate their own destinies (Dugle et al., 2015:146). Not-for-profit organisations classified according to the level of operation include community-based organisations that arise out of a community’s own enterprises and include faith-based organisations; city-wide organisations such as the Rotary or Lions Club; national organisations, which may have branches countrywide; and international organisations, which may have branches in different countries (Dugle et al., 2015:147).

The strengths of not-for-profit organisations include that they can respond quickly to needs owing to their structures; they may have a presence in rural and hardship areas where governments have difficulty in retaining staff; they may be able to strengthen various systems; and they operate at lower costs than other organisations (World Bank, 1989:8; Farrington, 1997:256; Omura & Foster, 2014:256; Mourão & Enes, 2017:824). The weaknesses of not-for-profit organisations include that the smaller organisations are rarely able to address operational aspects (Robertson et al., 2013:31). These organisations are in competition for the same donors and beneficiaries (Weideman, 2012:39; Zajontz & Leysens, 2015:10; Maier et al., 2016:72); they are more accountable to these donors than their beneficiaries (Lee & Izama, 2015:281; Aschari-Lincoln & Jäger, 2016:613); and they rely heavily on the services of volunteers (Farrington, 1997:256; Bish & Becker, 2016:438).

### **1.6.3 Sustainability of not-for-profit organisations**

A study conducted by Mourão and Enes (2017:836) highlights the importance of triangular sustainability in not-for-profit organisations. These authors classified triangular sustainability in terms of institutional, agent and financial areas. Institutional sustainability relates to the types of services the organisation delivers and how those services are complementary to other similar organisations. Agent sustainability relates to the actors involved in the organisation, including the board of directors, management, volunteers and beneficiaries. Financial sustainability relates to minimising costs and improved revenues (Mourão & Enes, 2017:824). For the purposes of this study, institutional sustainability is related to the programme construct, while the agent and financial areas are related to the people and financial constructs respectively (Hamman & Ren, 2013:212; Zajontz & Leysens, 2015:10; Zatepilina-Monacell, 2015:232; Kaloudis, 2017:104). The researcher argued that in order for not-for-profit organisations to remain sustainable, they need to have a focus on financial, programme and people aspects (triangular sustainability) in their strategic management. It is against this background that the sustainability challenges in not-for-profit organisations are classified in terms of the three constructs, namely, financial, programme and people. These are outlined below.

## Financial aspects

- Increasingly turbulent global environment (Aschari-Lincoln & Jäger, 2016:613; Grant, 2016:23; Thompson et al., 2017:8).
- Competition for the same donor funding and beneficiaries (Kaplan, 2001:353; Moore, 2003:10; Zajontz & Leysens, 2015:9; Grant, 2016:28; Maier et al., 2016:77).
- Reduction in funding and facing overall limited resources (Siciliano, 1997:387; James, 2011:2; Robertson et al., 2013:27; Zajontz & Leysens, 2015:10).

## Programme aspects

- The not-for-profit sector is multifaceted and interrelated (World Bank, 1989:9-10; James, 2011:2; AL-Tabbaa, Leach & March, 2014:662).
- Donor influence and conflicting priorities (Werker & Ahmed, 2008:8; James, 2011:7; Weideman, 2012:37; Lee & Izama, 2015:283; Zajontz & Leysens, 2015:9-10).
- Organisations are more accountable to their donors than to their beneficiaries (Kaplan, 2001:360; Lee & Izama, 2015:281; Kaloudis, 2017:104).
- Tendency to focus on spending rates at the cost of efficiency (Kaplan, 2001:360; Moore, 2003:7; Chen, 2015:6).

## People aspects

- Organisations focus on technical capacity rather than managerial capacity (Mulhare, 1999:327; Chen, 2015:2; Iwu, Kapandoro, Twun-Darko & Tengeh, 2015:9564; Bish & Becker, 2016:443; Maier et al., 2016:72; Qu & Osili, 2016:20).
- Insufficient focus on attracting and retaining the right talent and generally downgraded remuneration structures (Kaplan, 2001:358; Werker & Ahmed,

2008:11; Maier et al., 2016:71; Hamman & Ren, 2013:212; Zatepilina-Monacell, 2015:232).

Not-for-profit organisations in Namibia face similar challenges. Literature on the Namibian context is limited but includes challenges such as the state becoming a powerful competitor for funding; donors extending funding for shorter periods; the inability of these organisations to compete for qualified talent; a lack of job security; below-market remuneration; shifting donor expectations and more rigorous conditions; declining funding; and organisations' incapacity to operate in a sustainable manner (Höhn, 2008:6-9).

#### **1.6.4 Strategic management**

Strategic management is a methodical (incessant and recurring) process for visualising an anticipated future (Schmidt & Laycock, 2009:2; Wolf & Floyd, 2017:1763). This process employs analytical resolutions to define the nature and direction of activities (Bryson, 1988:74; Grant, 2016:17). Accordingly, strategic management requires strategic leadership (Zajontz & Leysens, 2015:16).

Strategic management is the best way to address organisational challenges and to establish a means to handle changes in the environment (Siciliano, 1997:396; Thompson et al., 2005:229; Aschari-Lincoln & Jäger, 2016:613; Thompson et al., 2017:303). Procedures initially used in business, including strategic management, have thus become more valuable in the not-for-profit sector (Kriemadis & Theakou, 2007:29; Maier et al., 2016:72).

The strategic management model developed by Thompson et al. (2005:18) and Thompson et al. (2017:20) includes the classic stages for strategic management and has laid a foundation for this study to contribute to. The strategic management model developed by Kriemadis and Theakou (2007:34) was developed specifically for use in not-for-profit organisations and follows the same stages for strategic management but emphasises the need for external and internal data analysis to inform strategic management.

In this study, the researcher continued to build on existing strategic management models by adapting the models developed by Thompson et al. (2005:18),



Thompson et al. (2017:20) and Kriemadis and Theakou (2007:34). The addition of the concept of triangular sustainability (Mourão & Enes, 2017:824) aims to guide not-for-profit organisations to consider the financial, programme and people aspects in their strategic management. The adapted model includes tools to be used in the external and internal environmental analyses and would assist in strategic management. The model also includes an improvement factor based on the PDCA cycle to ensure the process is continually enhanced.

## **1.7 RESEARCH METHODOLOGY**

Excellent research has several qualities, including that it builds on the efforts of others; can be repeated; is bound to theory and a rational foundation; is achievable; creates fresh questions; and is appropriate and “apolitical to the betterment of society” (Salkind, 2017:14). The following sections present the research design, strategy, population and sampling, data collection and analysis, triangulation and data quality that are pertinent to this study.

### **1.7.1 Qualitative research study**

This study adopted a qualitative research methodology, as the concepts investigated in this study were ambiguous and elastic (Saunders, Lewis & Thornhill, 2016:568). Qualitative research captures the wealth and completeness of the data (Saunders et al., 2016:368) and, hence, a non-experimental, empirical design was followed since the research sought to describe relationships (Salkind, 2017:20 & 160). This study aimed to describe a specific situation relating to the way in which not-for-profit organisations in Namibia conduct strategic management.

### **1.7.2 Research design and strategy**

The research comprised a qualitative case study of not-for-profit organisations in Namibia. It embraced a pragmatic philosophy (Creswell, 2014:39-40; Saunders et al., 2016:137), as the study began with a problem and sought to provide hands-on solutions, which could be used to influence decisions in the future (Saunders et al., 2016:143). The approach to theory development was abductive, as it used recognised principles to produce explanations that could be further examined (Saunders et al., 2016:145). The methodological choice made was to conduct a

multimethod study. Such studies use more than one source from which to collect data (Yin, 2003:86; Saunders et al., 2016:168), with this study collecting primary data from 12 not-for-profit organisations in Namibia. The qualitative data collection method (Saunders et al., 2016:169) used included semi-structured interviews. Additionally, quantitative data was collected to describe the demographic characteristics of the participants, to supplement the qualitative data and to allow for theme profiling along demographic strands.

The research strategy followed was a case study method. Yin (2003:13) describes a case study as a research strategy and as an “empirical analysis that investigates a contemporary phenomenon in its real-life context and where the boundaries between the phenomenon and the context are not clear”. Cases may also be assembled from several organisations (Saunders et al., 2016:187). Descriptive case studies create a general outline to follow through the research (Lune & Berg, 2017:176) and describe interference in the actual setting (Yin, 2003:15). A holistic case study pursues only one element of investigation, for example in this case, not-for-profit organisations (Yin, 2003:22). The timeframe involved in this research is cross-sectional (Saunders et al., 2016:200) to allow for the study of not-for-profit organisations at a certain point in time.

### **1.7.3 Population and sampling**

The data available in 2013 indicated that Namibia had around 750 non-governmental organisations, 505 of which provided HIV and related services such as voluntary medical male circumcision, cervical cancer screening, behaviour change advocacy, HIV testing, clinical services, data generation, psychosocial support, human resources for health, systems strengthening and pharmaceutical supply (Robertson et al., 2013:26). In 2018, 1723 not-for-profit organisations were registered in Namibia (Tembo, 2018). These formed the population for this study. However, it was necessary to further understand this population in order to draw a sample from it. Robertson et al. (2013:27) mentioned that only 33% of those organisations that provide HIV and related services are active and that 13 of these provide 80% of the HIV and related services as discussed. These organisations also received 52% of United States Government (USG) funding (Robertson et. al., 2013:27).

The sample size for this study was 12 not-for-profit organisations in Namibia. These organisations were selected as they all received funding from PEPFAR and provide HIV and related services. This sample size is in line with qualitative research for case studies where smaller samples are common for in-depth evaluation (Fusch & Ness, 2015:1408; Saunders et al., 2016:301).

It is against this background that purposive sampling techniques were used. This method requires the use of perceptiveness in selecting the sample (Saunders et al., 2016:301; Lune & Berg, 2017:39). This sampling technique is also useful when sample sizes are small and homogenous, that is, the subjects in the sample are similar (Saunders et al., 2016:301-302). The subjects in the sample were similar in that they were all organisations receiving PEPFAR funds and delivering HIV/AIDS services. Along with sample size, it is necessary to consider saturation levels. Saturation is reached when added information contributes little or no new data (Saunders et al., 2016:279). The recommended maximum probability sample size for homogenous populations is between four and 12 interviews (Saunders et al., 2016:297). However, Namey, Guest, McKenna and Chen (2016:434) recommend eight to 16 interviews. The sample size decided on for this research was 12 interviews, with interviewees being selected from PEPFAR-funded organisations. The participants were purposefully selected as they held senior positions within the organisations. The organisations selected included the Society for Family Health (SFH), Project HOPE, IntraHealth International, Development Aid from People to People (DAPP), International Training Education Centre for Health (I-TECH), Global Health Supply Chain Programme, IntraHealth Namibia, Jhpiego, Tonata People Living with HIV (PLHIV) Network, Health Information Systems Programme (HISP) Namibia, Synergos/Results for Development (R4D) and Koninklijke Nederlandse Centrale Vereniging tot bestrijding der Tuberculose (KNCV) (PEPFAR Namibia, 2017:7-11).

#### **1.7.4 Data collection**

The qualitative research followed a non-standardised data collection method (Saunders et al., 2016:168) with the primary data collection method used comprising semi-structured in-depth interviews (Saunders et al., 2016:392-394). Namey et al. (2016:435) suggest that this is the most cost-effective way of obtaining

qualitative data (Yin, 2003:86; Saunders et al., 2016:319). When conducting a pilot study, a sample of 10 to 20% of the participants, is considered sufficient for a pilot study and these participants used should not form part of the main study (Schachtebeck, Groenewald & Nieuwenhuizen, 2018:7). Owing to the small sample size, it was not feasible to conduct a pilot study and pre-testing of the interview schedule was done.

The 12 organisations researched are all represented in Namibia, and ten of them have their head offices in Windhoek. However, travel was required to access the two organisations located in Swakopmund and Ongwediva. The interviews were conducted in a meeting venue or conference room at the organisations to ensure minimal interference. All interviews were conducted by the researcher and were recorded using a digital voice recorder. The recordings were transcribed using a transcriber.

#### **1.7.5 Data analysis**

A qualitative research tool was used in the data analysis, namely, an interview schedule which was developed by the researcher for the purposes of this study. Content analysis is a thorough, comprehensive and methodical scrutiny and understanding of data in an attempt to recognise configurations, subjects, beliefs and implications (Lune & Berg, 2017:182). Abductive theory development allows the researcher to combine deductive and inductive approaches (Saunders et al., 2016:148) and is useful in thematic analysis, as it depends on theoretical propositions (Saunders et al., 2016:111). Thematic analysis was applied in this study, as it used methodical and adaptable ways to analyse data in order to identify themes and patterns (Saunders et al., 2016:579). The quantitative qualities of the transcribed data were analysed in terms of word counts and this was done with the assistance of a statistician. The researcher qualitatively analysed the transcribed data using Atlas.ti which is a qualitative data analysis program. The constructs of sustainability in strategic management relating to the financial, programme and people were applied to identify themes and patterns. The theoretical proposition used in the thematic analysis was based on Thompson et al.'s (2005:18), Thompson et al.'s. (2017:20) and Kriemadis and Theakou's (2007:34) strategic management models. An advantage of using thematic analysis is that it may be used deductively

to link topics, such as financial, programme and people constructs, as outlined in this chapter (section 1.6.3), to strategic management, and to inductively develop new topics from the information (Saunders et al., 2016:579). Word analysis and frequencies were used to demonstrate the significance of themes (Saunders et al., 2016:611). This allowed the researcher to make new adaptations and additions to the models developed by Thompson et al. (2005:18), Thompson et al. (2017:20) and Kriemadis and Theakou (2007:34) and adding triangular sustainability in terms of financial, programme and people constructs.

#### **1.7.6 Triangulation, validity and reliability**

Triangulation involves using more than one source of data collection to confirm the validity/credibility/authenticity of research data, analysis and interpretation. This is done to obtain more robust and complete data and to assist in confirming the outcomes of the research (Wilson, 2014:66). There are various ways of carrying out triangulation, including data, investigator, theory and methodological triangulation. Data triangulation refers to making use of different sources of data, whereas investigator triangulation includes more than one person in the data analysis process. When more than one source of data is used to verify the reliability and validity of the study, data triangulation is achieved (Yin, 2003:98; Fusch & Ness, 2015:1408; Saunders et al., 2016:207; Wilson, 2014:66). Theory triangulation is achieved when the data are approached using more than one theory to explain the outcomes, and methodological triangulation occurs when more than one data collection method is used in the research (Wilson, 2014:67).

The study adhered to data triangulation with more than one source of data, as data were collected from 12 participants. Investigator triangulation was achieved since the data were coded and analysed by the researcher and a co-coder/statistician. Theory triangulation was achieved as the researcher related the research and findings back to the theoretical constructs. Methodological triangulation was achieved as the researcher obtained data from semi-structured in-depth interviews with various participants.

Data triangulation is positively related to data saturation in that data triangulation is achieved when data saturation is reached (Fusch & Ness, 2015:1411). Data

triangulation means that a variety of perceptions are employed to substantiate the study's diligence, scope and intricacy of its results (Mayer, 2015:59). In addition, to achieve data saturation, any added data should not significantly change the existing data. In data triangulation, various sources of data are consulted. In this study, data were collected from various sources and it was expected that saturation would be reached with ten interviews as ten falls within the range of four and 16 (Namey et al., 2016:434; Saunders et al., 2016:297).

Validity and reliability are concepts conventionally associated with quantitative research. However, these concepts are just as relevant in qualitative research (Creswell, 2014:251; Saunders, et al., 2016:205). In the qualitative context, when research is verified in terms of accuracy, consistent analysis and appropriateness of the explanations, the research is regarded as valid (Creswell, 2014:251; Miles, Huberman & Saldaña, 2014:273; Saunders, et al., 2016:206). The data quality was evaluated by assessing its validity and reliability. Validity includes measurement, construct, internal and external validity (Saunders et al., 2016:20). Measurement validity is the establishment of correct operational measures for the concepts studied, whereas construct validity includes using multiple sources of evidence (Yin, 2003:34). Internal validity is related to the capacity of the study instrument to assess what it proposes to assess and external validity is concerned with determining a field to which research outcomes can be generalised (Saunders et al., 2016:450). In the study, measurement validity was achieved by using theoretical constructs to guide the research, while construct validity was achieved by using various sources of data, that is, the various interviews with members of the different not-for-profit organisations.

For the research to be reliable, the processes thereof should be replicable (Yin, 2003:34; Saunders et al., 2016:205). The study demonstrated reliability by keeping rigorous records of the research methodology and the processes to ensure that it could be repeated by other researchers.

## **1.8 ETHICAL CONSIDERATIONS RELATED TO THE STUDY**

Limited ethical considerations were foreseen since the data used were collected from semi-structured in-depth interviews. Although some demographic data were

collected, the interviews did not focus on personal or sensitive subjects. No identifying information was requested and the data were kept safe by the researcher in a secure location. Participants enjoyed confidentiality and anonymity and signed informed consent forms. The study was subject to ethical clearance from the College of Economic and Management Sciences (CEMS) at the University of South Africa (UNISA) (UNISA, 2016), which guided the research accordingly. Confidentiality agreements were also signed by the co-coder/statistician and the transcriber.

## **1.9 LIMITATIONS AND ASSUMPTIONS OF THE STUDY**

The study was limited, as it focused only on not-for-profit organisations in Namibia. Owing to the nature of the Namibian environment and the small number of not-for-profit organisations delivering HIV and related services and funded by PEPFAR, as discussed in this chapter (section 1.7.3), the selection of the participants was difficult. Another limitation was that the database of organisations provided by PEPFAR was not conclusive. Subsequently, the researcher was able to identify an additional research participant who received PEPFAR funding but have not been included in the database provided by PEPFAR. The list of organisations funded by PEPFAR, excluding government, parastatals and tertiary institutions, numbered 12, of which only eleven agreed to participate in the study. However, the organisation identified as funded by PEPFAR but not appearing in their database agreed to make up the number to 12.

As the study only focused on 12 participants, it was not a representative sample and as such allowed for limited transferability. Other limitations included that the not-for-profit organisations all had a strong focus on their technical capabilities and had limited management and business acumen, and particularly research on such organisations in Namibia. The cost implications and the travel required to interview two of the organisations were additional limitations.

Some assumptions were inherent to the study. The study assumed that the participants would have a theoretical understanding of strategic management. The study also assumed that participants would be subjective and sought to mitigate this through triangulation to verify the data, as discussed in this chapter, section 1.7.6

on triangulation and data quality. The fundamental assumption of the study was that good strategic management within the adapted model would result in greater sustainability for not-for-profit organisations.

## **1.10 CHAPTER OUTLINE**

The thesis consists of seven chapters, which are outlined as follows:

### **Chapter 1 – Introduction and background**

In this chapter the reader was provided with an overview of the study and a brief background on the broad literature relating to the subject area and the research methodology to be followed.

### **Chapter 2 – Strategic management and sustainability**

Chapter 2 delved into the available literature on the subject of strategic management and provided the reader with a comprehensive overview of existing literature.

### **Chapter 3 – Not-for-profit organisations**

Chapter 3 focused the research on the existing literature on the subject area and delivered a broad outline of current literature in the field.

### **Chapter 4 – Research methodology**

This chapter outlined the research design and approach. It also addressed issues such as sampling and data collection methods with a specific focus on interview design and structure.

### **Chapter 5 – Data analysis, results and findings**

In this chapter, the findings and analysis of the results were discussed. It also outlined the emerging patterns to inform the adapted model.

### **Chapter 6 – Adapted model**



Chapter 6 is a crucial part of the research in that it outlined the research outcomes and presented an adapted model for the strategic management of not-for-profit organisations in Namibia.

## **Chapter 7 – Conclusion and recommendations**

The last chapter summarised the research study and outlined the limitations and how they were addressed. In conclusion, it proposed areas for future research.

### **1.11 CONCLUSION**

This chapter started by giving an introduction followed by an overview of and background to the envisaged study. This was followed by a discussion on the research focus, outlining the research problem, research questions and objectives.

The literature review provided further understanding and highlighted where the literature could be enhanced. This was followed by a discussion on the research methodology, including the population and sampling, data collection, data analysis, and triangulation, validity and reliability.

Further sections included an explanation of the ethical considerations relevant to the study. This was followed by the limitations and assumptions of the study. The final section of this chapter outlined the various chapters.

The next chapter provides an overview of the available literature on strategic management, including a timeline of the progression of thinking on the topic. The chapter also includes a section on the strategic management models which are available to guide organisations in strategic management. Additionally, the chapter will discuss the tools used for internal and external data analysis for strategic management.

## **CHAPTER 2: STRATEGIC MANAGEMENT AND SUSTAINABILITY**

### **2.1 INTRODUCTION**

This chapter commences by discussing the impact of the fourth industrial revolution (IR 4.0) and black swan events on the increasing turbulence, volatility and instability of the business environment in the present day. It then emphasises the importance of strategic management in equipping organisations to better navigate these uncertainties and the unpredictability they may experience. The chapter proceeds with an overview of various definitions of strategy, strategic planning and strategic management and consolidates these views into working definitions relevant for the purposes of this study.

Various approaches to strategic management in the literature, such as the market-based view and the resource-based view, are explored. The chapter continues with the delineation of the various levels of strategic management, covering corporate-, functional-, and business-level strategic management and a focus on reactive, deliberate and emergent strategies and their usefulness and application. The next section covers the contemporary evolution of strategic management from 1957 to 2016 and describes the most notable thinkers and research in ten-year periods.

A natural progression follows with a discussion on the benefits and detriments of strategic management with a particular focus on the various models that are useful for strategy making. This is followed by a review of the tools used in strategic management, outlining the uses and critiques of these tools. The last section of this chapter is devoted to strategic management and sustainability, in particular sustainability and the triple bottom line, and how strategic flexibility is useful in addressing the triple bottom line. Finally, the triple bottom line is linked to the sustainability aspects and triangular sustainability as outlined in Chapter 1 (section 1.6.3).

### **2.2 STRATEGY, STRATEGIC PLANNING AND MANAGEMENT**

The World Economic Forum (WEF) cautions that the fourth industrial revolution (IR 4.0) will result in extraordinary transformation, emerging at an aggressive rate, and will have a profound impact on business and society (Schwab, 2016:2&3; Lim,

2017:43). The IR 4.0 is characterised by the amalgamation and interaction of “technologies across digital, physical and biological” spheres, which are generating totally novel competences. It will have extreme implications for economic, social and political systems (Schwab, 2016:19; Lim, 2017:43), some of which will be the most significant changes ever known to humankind (Kaeser, 2018:1).

The first industrial revolution, known as the transport and mechanical production revolution, extended from 1760 to 1840, while the second industrial revolution, the mass production revolution spanned the period 1870 to 1914. The computer or digital revolution spanned the period 1960 to 2000 and is known as the third industrial revolution (Schwab, 2016:19; Bawany, 2017:18). The IR 4.0 started early in this century (2000) and is characterised by the merging of cyber-physical systems, nanotechnology, extreme automation, connectivity, artificial intelligence and quantum computing and their interaction with the physical, social and economic systems (Schwab, 2016:19; Bawany, 2017:18). The IR 4.0 is characterised not just by technology or business, but will also be shaped by society (Kaeser, 2018:2). This revolution demonstrates that the speed of change itself is increasing, with 100 years separating the first and second industrial revolution, and only forty years between the third and the fourth industrial revolutions.

The change brought about by the IR 4.0 is colossal and rapid (Reif, 2018:1), the effect is unbalanced and disturbing and can lead to increasing intricacy; and hence, uncertainty in organisations (Jäger, Schöllhammer, Lickefett & Bauernhansl, 2016:116). These changes and transformation are, in essence, disruptive powers (Dosi & Virgillito, 2017:2). The best way to prepare for the profound changes envisaged by the IR 4.0 is to consider how to shape the organisation’s future strategically (Bawany, 2017:18).

However, even with the expected disruptions and instability of IR 4.0, there are also those extremely unlikely and random occurrences known as “black swan events”. Black swan events are identified by three characteristics. These characteristics include that they are an anomaly with an extravagant effect, they are usually described after they have occurred, and the description renders them expected and explicable. Examples of black swan events are natural disasters (the Japanese tsunami of 2005, Hurricane Katrina of 2011, pandemics such as HIV and Ebola), as

well as man-made cataclysms (the internet bubble of 2003, the financial crash of the housing markets in the USA in 2007, and the Arab spring political uprising of 2010). It is evident from historical records that these black swan events are happening with increased regularity (Higgins, 2014:245; Mueller & Steward, 2016:1320; Murphy, 2016:13).

The ultimate conclusion is that uncertainty, turbulence, volatility and complexity are now becoming regular occurrences and organisations that do not prepare for and address these developments adequately, will cease to exist in the long run (Higgins, 2014: 253; Jäger et al., 2016:116). Authors such as Charles et al. (2015:104) as well as Kotler, Berger and Bickhoff (2016:59) also refer to increasing turbulence, economic instabilities and hyper competition. Strategy will become increasingly important and advantageous in such times (Charles et al., 2015:104; Sushil, 2015:113; Engert, Rauter & Baumgartner, 2016:2833; Grant, 2016:187; Kotler et al., 2016:59; Ramírez & Selsky, 2016:100; Ungerer, Ungerer & Herholdt, 2016:38; Whittington, Yakis-Douglas, Ahn & Cailluet, 2017:109; Wolf & Floyd, 2017:1763; Wheelen, Hunger, Hoffman & Bamford, 2018:94).

### **2.2.1 Strategy, strategic planning and strategic management defined**

Strategy is the ordering of approaches to accomplish future objectives (Thompson et al., 2005:3; Thompson et al., 2017:3) and entails those activities that are vital to outpace the competition, thereby realising greater success (Thompson et al., 2017:3). It is a cooperative and particular act, with the purpose of ensuring that the organisation remains viable (Ungerer et al., 2011:11). It allows for better choices that would enable the synchronisation of efforts to obtain long-term objectives (Grant, 2016:16). Strategy has five main attributes: it is integrated and spans all parts of the organisation; it involves deliberate decision-making; it focuses on specific activities; it is systematic and logical and it pursues the attainment of goals (Kotler et al., 2016:10). Strategy should be iterative and the actions aligned to enable the organisation to achieve its vision (Palupiningrum, Daryanto & Fahmi, 2016:40), which is usually set by those who lead the organisation (Rauter, Jonker & Baumgartner, 2017:144). The process of strategy making needs to be flexible (Dibrell, Craig & Neubaum, 2014:2002) and should consider issues such as the commercial situation, as well as stakeholder requirements (Suarez et al., 2016:540).

The pursuit of goals implies that resources and capabilities need to be allocated to the achievement of such goals (Suarez et al., 2016:540; Baumgartner & Rauter, 2017:82), and organisations should strive to fit their limited resources to shifting situations (Aithal & Acharya, 2016:180). In essence, strategy is a cohesive effort with the purpose of ensuring sustained existence, while being involved in dynamic interaction with competitors by using the capabilities available within the organisation (Kotler et al., 2016:11).

The practice of strategy implies that values and approaches are used to achieve goals. Strategic management emphasises the methodical and procedural approach to the development of strategy and comprises a mission statement, long-term objectives, external and internal evaluations, strategy design, deployment and control (Thompson et al., 2017:20; Wolf & Floyd, 2017:1757). This process should enable the realisation of value for the organisation by identifying and allocating resources in selected markets (Ramírez & Selsky, 2016:91). Strategic management is in constant progression and offers the development of a flexible framework to match organisational resources and capabilities to external markets (Daidj, 2015:72; Wolf & Floyd, 2017:1768). An effective strategy is the result of a meticulous study and formulation and is associated with the achievement of objectives (Martin, 2014:80; Charles et al., 2015:9).

Strategic management entails a logical and recurring progression of planning actions and the enactment of those actions while assessing the outcomes of these actions (Grant, 2016:17). Strategic management should create value for the organisation (Ramírez & Selsky, 2016:91) and should be an extensive and continuous procedure (Wolf & Floyd, 2017:1763). In the construction and execution of the strategy, strategic management involves the choices and activities that are intended to realise organisational objectives (Palupiningrum et al., 2016:41). A distinctive stance for the organisation is also chosen in terms of how its operations differ from those of competitors and are realised at a more cost-effective way, which satisfies customers' desires (Engert et al., 2016:2833).

The practice or "praxis" of strategy comprises all the different actions included in the intentional crafting and execution of strategy (Seidl & Whittington, 2014:1408; Wolf & Floyd, 2017:1777). Daidj (2015:2) concludes that strategic management has

progressed such that its principal significance is to assist the organisation to function effectively in turbulent and multifaceted spheres and to deal with an increasingly ambiguous future.

With reference to strategy, strategic plans and strategic management, the various authors referred to above are all aligned to such an extent that the definitions and characteristics of the three concepts (strategy, strategic plans and strategic management) they supply are overlapping and repetitive. This study focused on the application of strategic management for the sustainability of organisations and, as such, employed a consolidated definition of strategic management. For the purposes of this study, strategic management is defined as a cyclical and flexible process that provides a structured approach to formulating the strategic intent that is executed and controlled with management principles. It employs information and various tools to marshal the organisation's resources and capabilities and match these to the external environment with the aim of achieving the organisation's objectives.

## **2.3 APPROACHES, LEVELS AND TYPES OF STRATEGIC MANAGEMENT**

The next section focusses on the approaches to strategic management, the different levels and the types of strategic management.

### **2.3.1 Approaches to strategic management**

Strategic management relies on the allocation of resources to strengthen the organisation's presence in various markets. Strategic management forms the managerial frameworks and strategies on how the organisation will achieve a competitive advantage (Kotler et al., 2016:37; Thompson et al., 2017:72). There are various approaches, including the market-based view and the resource-based view, that may be used to achieve competitive advantage (Kotler et al., 2016:37; Thompson et al., 2017:72).

The market-based view to strategic management, described as "strategy as positioning" (Kotler et al., 2016:37), assumes that an organisation's performance is as a result of its position in its market, and as such, the composition of the market will influence the strengthening or weakening of the organisation's market share

(Engert et al., 2016:2834; Kotler et al., 2016:37; Baumgartner & Rauter, 2017:82). In the market-based view, an organisation's viability is dependent on realising low-cost leadership and thus larger market share (Lloret, 2016:421).

In the market-based view, emphasis is placed on the perceived value the customer obtains from the product or service; hence, the better the product or service is perceived the larger the market share (Ghauri, Wang, Elg & Rosendo-Ríos, 2016:5682). In terms of this view, when crafting the organisational strategy, the product options, variation, level of production and proposed buyer scale are considered (Storchevoi, 2015:4). These inward-looking approaches are dependent on the way in which the organisation can maximise profits (Teece, 2017:3).

The resource-based view, on the other hand, posits that instead of leveraging on market forces and reducing costs, organisations can achieve competitive advantages by exploiting their resources (Dibrell et al., 2014:2001; Engert et al., 2016:2834; Lloret, 2016:423). This approach stresses efficiency and views strategy "as stretch and leverage" (Kotler et al., 2016:37; Wu, Wu, Tasi & Li, 2017:3). The basic premise of the resource-based view is that organisations have restricted resources and certain limitations, and those organisations that possess the means and capabilities to overcome obstacles will gain a competitive advantage (Lloret, 2016:423). Should these capabilities and main proficiencies be difficult to substitute, unusual, valuable, unique and accessible to the organisation, it will have an even greater competitive advantage (Martin, 2014:82; Kotler et al., 2016:42-43).

Some extensions of the resource-based view include the knowledge-based view, which sees knowledge as an asset and that value is created by deploying this asset, and the capability-based view, where the organisation creates value by producing, spreading or adapting resources. This is also known as "dynamic capabilities" (Sushil, 2015:113; Engert et al., 2016:2834; Fernandes, Ferreira, Raposo, Estavão, Peris-Ortiz & Rueda-Armengot, 2017:531). Dynamic capabilities are capabilities that are continuously altered and adapted to allow for more flexibility in turbulent environments (Wheelen et al., 2018:166).

A strategic fit allows for the matching of the market- and resource-based views to dynamic capabilities and other developing and interactive outlooks (Sushil,

2015:113; Baumgartner & Rauter, 2017:82). The importance of strategic fit is that it ensures alignment between organisational positioning and expanding revenue (Prajogo, 2016:247). How well the strategy dovetails with the organisational resources will determine how well the organisation is able to enhance its resources (Miles & Van Clieaf, 2017:58). When a good strategic fit is achieved, it contributes towards organisational sustainability (Sousa & Tan, 2015:86). As this study focused on not-for-profit organisations, to achieve the strategic fit would be the most sensible approach to consider since not-for-profit organisations should consider market requirements and match them with available resources.

### **2.3.2 Levels of strategic management**

Strategic management can be applied at different levels of the organisation, namely, at corporate, business and functional levels (Ungerer et al., 2011:24-25; Aithal & Acharya, 2016:180; Kotler & Keller, 2016:59; Ramírez & Selsky, 2016:91). Corporate level strategic management covers the long-term direction in terms of expansion and business management of the entire organisation (Aithal, Shailashree & Suresh Kumar, 2015:331; Aithal & Acharya, 2016:180; Wheelen et al., 2018:50). Corporate strategic management involves the management of a number of related and subsidiary organisations within the same group and establishes a framework within which these various organisations prepare their own strategic plans. The aim is to combine these and allocate resources correspondingly (Kotler & Keller, 2016:79; Teece, 2017:3).

Strategic management is essential for organisations that operate at a global level. These organisations could benefit by leveraging on the strengths and comparative advantages of their subsidiary organisations (organisations at functional level) to ensure that they are best utilised in other subsidiaries where these strengths are less developed. However, global organisations would only be able to leverage on their subsidiaries if the strategic management of those subsidiaries are well explained and implemented (Godiwalla, 2018:40). In doing so, global organisations need to ensure that strategic management of subsidiary organisations operating at business level are well aligned to the corporate strategy. This alignment would ensure that the corporate organisations are able to maximise their competitiveness (Godiwalla, 2018:45).



Strategic management at business level involves the markets, determined at the corporate level, and those products and services which are offered (Aithal & Acharya, 2016:180). Since the operations at business level are aimed at enhancing competitive position, this is referred to as competitive strategy. The business strategy or business unit strategy is crafted to suit business units or subsidiaries in corporate organisations and should be aligned to corporate strategy (Aithal et al., 2015:331). At this level, the importance lies in the enhancement of the competitive position and strengthening the performance of the organisation in a particular area, thereby increasing market share (Thompson et al., 2017:34; Wheelen et al., 2018:15).

As subsidiaries operate in different milieus, the strategic management at business level should be tailored to ensure that the strategy is suited to the environment in which the organisation operates. In doing so, the strategy would ensure that subsidiaries' business level strategies capture the value to be obtained from their competitive strengths in the environment they operate in (Godiwalla, 2018:41). As the focus of the study was on PEPFAR-funded organisations in Namibia, it should be noted that these organisations are often subsidiaries of global organisations and, as such, the adapted strategic management model would be focused at the business level.

At a functional level, the focus is on the various functions of the organisation, namely, finance, operations and marketing, and how these functions contribute to the objectives being pursued by the corporate and business strategies (Aithal & Acharya, 2016:180). The functional levels involve the methods for realising the aims set out in the corporate strategy by capitalising on resource efficiency (Thompson et al., 2017:34; Wheelen et. al., 2018:51).

Functional or operational level strategy is aimed at supporting the distinctive and value-adding capabilities proposed in the business level strategy (Aithal et al., 2015:331; Perrin, 2017:713). Strategic management focuses on the daily operations of the functional level and should gauge the progress by means of the regular monitoring of functional activities. This granular approach ensures that everyday functions and goals are aligned with the larger, long-range business-level strategy which would eventually feed into the corporate strategy (Perrin, 2017:721; Glegg,

Ryce & Brownlee, 2019:16). In project-based organisations, functional level strategic management is important for proving the proficiency and success of the project and in so doing ensuring overall business-level accomplishment of strategic goals (Glegg et al., 2019:17).

### **2.3.3 Types of strategic management**

The success of an organisation not only depends on a well-organised strategy (Engert & Baumgartner, 2016:823; Kotler et al., 2016:15) but may also entail unintended acts resulting from external pressures known as reactive strategies (Charles et al., 2015:4; Thompson et al., 2017:8-9; Wheelen et al., 2018:305). Reactive strategies are an element of emergent strategies in that the adaptations and adjustments made are in response to external factors such as changes to customer requirements, rapid developments in technology, and volatile economic and political landscapes (Charles et al., 2015:4; Thompson et al., 2017:9). Emergent strategies are choices and activities that add to the existing strategy and may result from exchanges with others within the organisation (Martin, 2014:82; Charles et al., 2015:4; Kotler et al., 2016:16; Wolf & Floyd, 2017:1767).

Deliberate strategies are planned and achieved as a result of careful organising (Martin, 2014:82; Charles et al., 2015:4; Thompson et al., 2017:8-9; Wolf & Floyd, 2017:1767). Wolf and Floyd (2017:1768) argue that emergent and deliberate strategies should be combined in strategic management, as this contributes to stability while encouraging transformation. Kotler et al. (2016:16) add that both deliberate and emergent strategies are required to stimulate resourcefulness. In times of uncertainty, organisations should seek to combine emerging and deliberate strategies to ensure that they remain flexible, competitive and sustainable in the long term (Martin, 2014:82; Daidj, 2015:73). This study combined both the market and resource-based views, since not-for-profit organisations are peculiar in that they are resource-dependent in their operations, but also need to consider market needs by providing products and services in the most efficient and cost-effective way (Laurett & Ferreira, 2017:1).

## **2.4 THE EVOLUTION OF STRATEGIC MANAGEMENT**

This section offers a broad overview of the development of contemporary strategic management from 1957 to 2016, with a focus on the most prominent contributors. The evolution of strategic management is presented in periods of approximately ten-years or shorter as these intervals present milestones reached in the development of this concept. The subsequent sections offer a more detailed view of the most notable progressions made. The evolution of strategic management is important as it relates to this study, since traditionally, strategic management principles were aimed at profit-making organisations and only recently have evolved to address the professionalisation of not-for-profit organisations (Maier et al., 2016:75). Therefore, the evolution of strategic management and the development of related concepts need to be understood in order to explain the relevance and application thereof to not-for-profit organisations.

### **2.4.1 Timeline of strategic management**

Over the last sixty years, strategic management has evolved from the traditional thinking, which posited that strategic management comprised long-range planning that focused on distinct competition in the commercial setting in which the main objective was to accomplish growth of profits (Aithal & Acharya, 2016:180; Grant, 2016:13; Planellas, 2017:5). The portfolio approach, popularised during the 1970s, was more descriptive and concentrated on the features of the long-range planning (Aithal & Acharya, 2016:180; Grant, 2016:14; Planellas, 2017:7; Wolf & Floyd, 2017:1760). The 1980s was dedicated to competitive or “red ocean strategies”, as they were known, and the relationship between organisational performance and strategic management (Aithal & Acharya, 2016:181; Grant, 2016:15; Planellas, 2017:9; Wolf & Floyd, 2017:1760).

From the 1990s, more emphasis was placed on organisational resources and competencies, and attention moved from growing revenue from outside clients to sources of revenue from within the organisation, where strategy expanded into generating prospective possibilities, developing strategic improvements and pursuing emergent customers (Aithal & Acharya, 2016:181; Grant, 2016:16; Planellas, 2017:11; Wolf & Floyd, 2017:1765). At the turn of the century, strategic

management was characterised by innovation and new business models, so-called “blue ocean strategies” to create uncontested markets, and the business model canvas (Aithal & Acharya, 2016:181; Grant, 2016:16; Planellas, 2017:13). In the last ten years, from 2010, the concept of temporary advantage and organisational viability has arisen (McGrath, 2013:62; Aithal & Acharya, 2016:181; Planellas, 2017:16). Figure 2.1 gives a visual overview of the evolution of strategic management from 1957 to 2016. This evolution of strategic management was presented in approximately 10-year intervals.

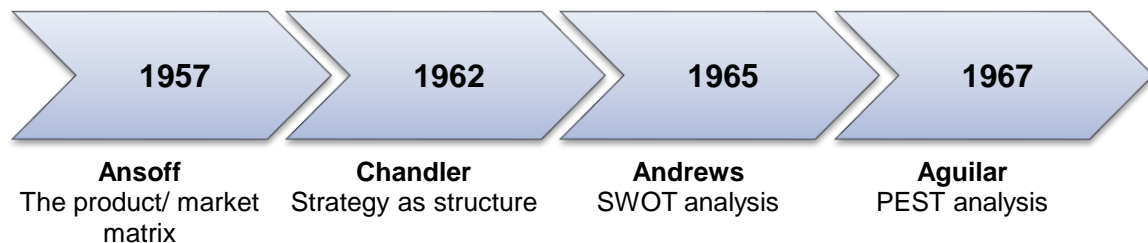


**Figure 2.1:** Timeline of the evolution of strategic management  
Source: Own compilation

#### 2.4.2 The beginnings of strategic management – 1957 to 1967

The period from 1957 to 1967 is marked as the advent of strategic management as a management discipline, with publications on the product or market mix published in 1957 (Kotler et al., 2016:29). The product or market mix proposes the classification of new and existing products in new and existing markets using a matrix that outlines growth options such as product development, market development, market penetration and diversification (Kotler et al., 2016:30; Planellas, 2017:5). This was followed by the notion of strategy as structure in 1962, which maintained that any change in the organisational strategy would result in changes in that organisation’s configuration (Kotler et al., 2016:30; Planellas, 2017:5). The well-known strength, weakness, opportunities and threats (SWOT) analysis was developed in 1965, outlining the classification of an organisation’s strengths, weaknesses, opportunities and threats (Kotler et al., 2016:26; Planellas, 2017:6). The last milestone for that decade was the political, economic, social and technological (PEST) model for considering external environments. Subsequently,

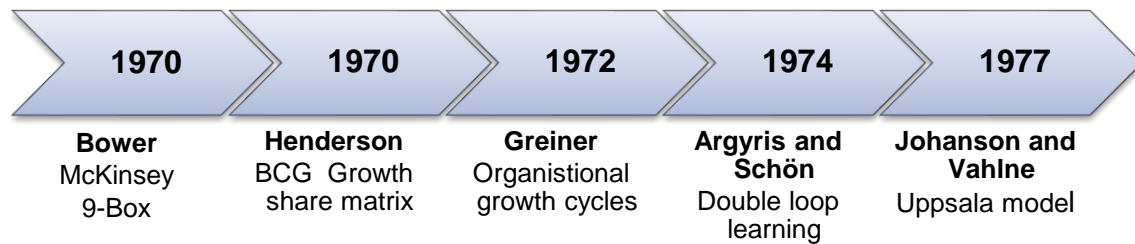
the PEST model has evolved into the political, economic, social, technological, environmental and legal (PESTEL) model (refer to Chapter 4, section 4.1.2) which also covers environmental and legal considerations (Aithal & Acharya, 2016:187; Planellas, 2017:6-7). This progression is depicted in Figure 2.2.



**Figure 2.2:** The beginnings of strategic management: 1957–1967  
Source: Own compilation

### 2.4.3 Strategic management from 1970 to 1977

The next decade, 1970 to 1977, introduced the McKinsey 9-Box Matrix in 1970 (Planellas, 2017:7). The matrix was designed to guide organisations on investment choices based on competitive strength and industry attractiveness (Hanka, Valadares & Bennett, 2015:8; Planellas, 2017:7). The Boston Consulting Group (BCG) Growth-Share Matrix, also published in 1970, relied on offsetting an annual market growth rate with relative market share to inform investment decisions. This matrix comprises classifications such as dogs, stars, question marks and cash cows (Planellas, 2017:7). In 1972, organisational growth cycles were published, which plot organisational growth over time (Wu, Hoque, Bacon & Bou Llusar, 2015:410; Planellas, 2017:8-9); and in 1974, double loop learning was developed, where strategy and organisational values influence activities (Pietrzak & Paliszkievicz, 2015:150; Ungerer et al., 2016:21; Planellas, 2017:8). The Uppsala model, developed in 1977, guided decisions for organisations considering international expansion or “internationalisation” (Forsgren, 2016:1135; Planellas, 2017:8). The developments during the period 1970 to 1977 are visually represented in Figure 2.3.



**Figure 2.3:** Strategic management: 1970–1977

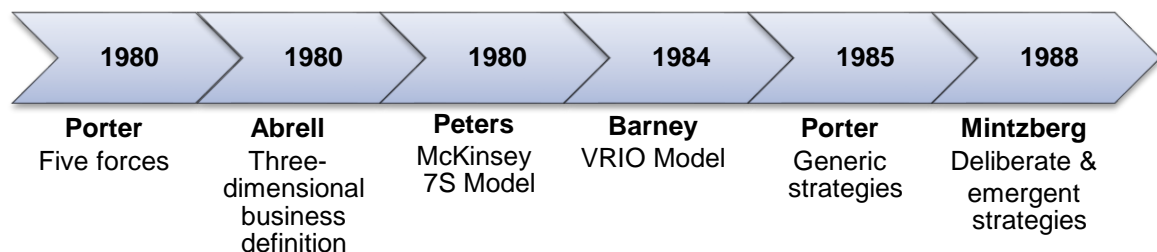
Source: Own compilation

#### 2.4.4 The next ten years of strategic management – 1980 to 1988

The period from 1980 to 1988 is shown in Figure 2.4 and covers the five forces model developed in 1980 (Planellas, 2017:9). This model postulates that an organisation can position itself in the market by considering five competitive forces. These forces include the threat of new entrants, the threat of substitute products, the bargaining power of buyers, rivalry among existing competitors and the bargaining power of suppliers (Kotler et al., 2016:38-39; Wheelen et al., 2018:207-208). The three-dimensional business definition or enterprise architecture was popularised in 1980. This concept encompasses strategic analysis, strategy formulation and strategic management (Simon, Fischbach & Schoder, 2014:8-9; Ungerer et al., 2016:14; Planellas, 2017:10). The McKinsey 7S model, developed in 1980, is an analytical tool that uses constructs such as strategy, organisational structure and systems, shared values, leadership style, the organisation's staff and their skills to successfully implement business strategy (Teh & Corbitt, 2015:39; Ungerer et al., 2016:227-228; Planellas, 2017:10). In 1984, the valuable, rare, imitability and organisation (VRIO) framework was published, as an assessment of sustainable competitive advantage by evaluating an organisation's competencies using these four aspects (Sanchis-Palacio, Campos-Climent & Mohedano-Suanes, 2013:543; Palupiningrum et al., 2016:44; Ungerer et al., 2016:161; Wheelen et al., 2018:167).

In 1985, three generic strategies were proposed. These are the cost leadership strategy, where an organisation would aim to gain market share by having lower costs compared to competitors; the differentiation strategy, where an organisation would opt for superior quality to gain market share; and the focus strategy, where the organisation would seek out niche markets (Planellas, 2017:9; Wheelen et al., 2018:207).

The notion of deliberate and emergent strategies was conceived in 1988. Deliberate strategies are purposely introduced to suit a particular plan, and emergent strategies result as a reaction to changing conditions encountered when deliberate strategies are executed (Naldemirci, Wolf, Elam, Lydahl, Moore & Britten, 2017:528). The oscillation between deliberate and emergent strategies enables learning which could be adapted to allow the organisation to rapidly adjust their existent strategy to changes in market conditions (Hernández-Betancur, Montoya & Montoya, 2015:551). When strategy is flexible, it enables the organisation to adapt swiftly to changes thus enabling organisations to remain sustainable (Neugebauer, Figge & Hahn, 2016:325).



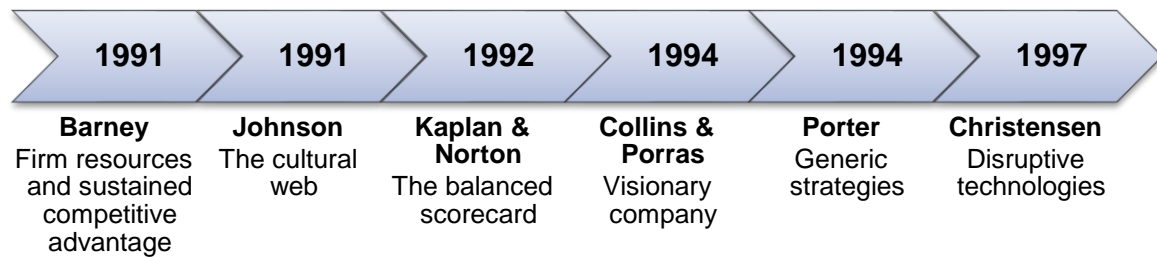
**Figure 2.4:** The next ten years: 1980–1988

Source: Own compilation

#### 2.4.5 Strategic management during the period 1991-1997

In 1991, propositions on utilising firm resources to achieve a sustained competitive advantage were introduced. This was an extension on the VRIO framework used to achieve sustainability by leveraging on capabilities which are unique to the organisation (Planellas, 2017:11). In the same year, the cultural web, stating that strategy is an entrenched exercise rooted within organisational culture, was published (Planellas, 2017:12; Wolf & Floyd, 2017:1775). In 1992, the balanced scorecard model was introduced to guide the implementation of strategies in four quadrants, namely, financial, learning and growth, customers, and internal processes (Georgiev, 2017:41-42; Planellas, 2017:12-13). The visionary company, developed in 1994, investigated the attributes and behaviours of sustainable organisations (Carr & Lorenz, 2014:1170; Planellas, 2017:13). Similar ideas were published on how to compete for tomorrow, in that it may not be enough for organisations just to reduce inefficiencies; rather, organisations should also recreate themselves (Ungerer et al., 2016:163; Planellas, 2017:12). In 1994,

generic strategies; cost leadership, differentiation and focus; were proposed to ensure competitive advantage for organisations. The theory of disruptive technologies emerged in 1997, where it is argued that technological advances dislodge traditional products and services. This causes turbulence in industries and may even give rise to new industries (Ungerer et al., 2016:135; Planellas, 2017:3). The progression described above is presented in Figure 2.5.



**Figure 2.5:** Strategic management: 1991-1997  
Source: Own compilation

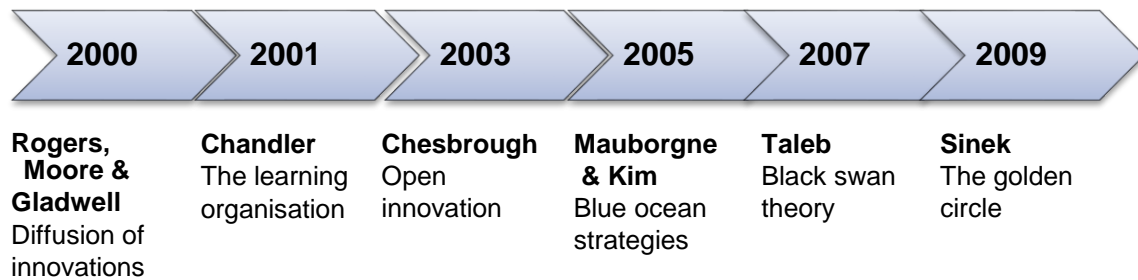
#### 2.4.6 The new millennium – 2000 to 2009

The year 2000 began with an adaptation to the diffusion of innovation theory. This theory describes the movement of information that enables the adoption of new innovations to expand from the few to the masses (Planellas, 2017:14). In 2001, literature on the learning organisation, capable of generating, obtaining and conveying information to remain flexible in its strategies, emerged (Wheelen et al., 2018:45). The innovation trend continued with open innovation in 2003, where it was argued that organisations should leverage on ideas from both inside and outside the organisation to develop their innovations (Planellas, 2017:14; Bogers, Chesbrough & Moedas, 2018:6). Blue ocean strategies are strategies that hold that organisations can obtain a sustainable competitive advantage by developing and conquering unchallenged markets (Wilson, 2015:436; Thompson et al., 2017:154; Planellas, 2017:14-15). The developments during the period 2000 to 2009 are presented in Figure 2.6.

The severe impact of random catastrophic events, known as black swan events, on strategic management was explored in 2007 (Higgins, 2014:243; Planellas, 2017:15). This was followed by the notion of the golden circle in 2009. The theory of the golden circle maintains that employees who share the same values as the



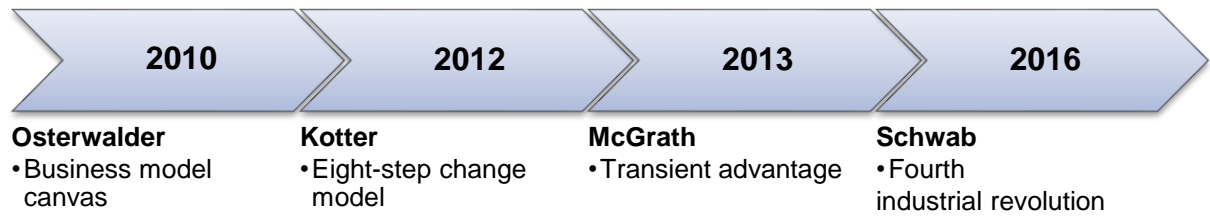
organisation will remain committed in their efforts (Partridge, 2014:1; Planellas, 2017:15).



**Figure 2.6:** The new millennium: 2000–2009  
Source: Own compilation

#### 2.4.7 Modern-day strategic management: 2010 to 2016

In 2010, the business model canvas was developed as a tool to enable organisations to visualise all the elements they require for their start-up. The business model canvas includes value proposition, finance, customer and route-to-market considerations (Ungerer et al., 2016:251; Planellas, 2017:15). The eight-step change model for managing organisational change first appeared in 2012. These eight stages comprise the following: creating a feeling of importance; assembling a steering committee; crafting an idea of change; communication of the idea; removing the barriers; creating immediate successes; maintaining the momentum of the change; and strengthening the changes (Friesen, 2016:42; Planellas, 2017:16). Developments in strategic management introduced thinking on transient advantage, which first appeared in 2013. Transient advantage maintains that no organisation truly has a long-lasting advantage since both consumers and competitors are volatile and the boundaries between industries have become blurred (McGrath, 2013:62; Planellas, 2017:16). A recent advancement in strategic thinking came from Klaus Schwab with his deliberations on IR 4.0 in 2016. The IR 4.0 is characterised by the merging of digital, biological and physical technologies, resulting in advanced automations, artificial intelligence and nanotechnology. This industrial revolution requires leaders and organisations to match the agility, flexibility and liveness of their organisations to the advances in technology (Schwab, 2016:19 & 24). Figure 2.7 provides a visual representation of the progression during the period 2010 to 2016.



**Figure 2.7:** The last ten years: 2010–2016

Source: Own compilation

Initially, the focus of modern-day strategic management was on the development of various tools aimed to assist organisations in their planning (Roper & Hodari, 2015:12). The later stages of progression focused more on the development of approaches and types of strategy to gain a competitive advantage. Strategy scholars tended to concentrate on how the turbulences experienced by organisations with disruptive technologies, open innovation and blue ocean strategies should be mitigated. The latest development in strategic management is directed at ways in which strategy could be used to ensure viability and sustainable organisations, using the business model canvas and transient advantage. The sustainable organisation has relevance for this study as the focus is on creating the sustainability of not-for-profit organisations in Namibia.

## 2.5 BENEFITS AND DETRIMENTS OF STRATEGIC MANAGEMENT

Strategic management proposes several benefits for organisations, including the fact that the formal strategic management process enables the organisation to have a clear vision and focus. Explicitly stating goals and objectives improve the organisation's understanding and clarify the organisation's vision and focus areas (Hinrichs & Forbus, 2016:75-76; Wheelen et al., 2018:38). The strategic management process often results in improved organisational performance (Dibrell et al., 2014:2001; Wheelen et al., 2018:38). The interaction between strategic management and flexible planning could create competitive advantages for the organisation (Dibrell et al., 2014:2006); and the financial performance of the organisation is most commonly measured using strategic management tools (Wolf & Floyd, 2017:1760). However, authors argue that the best return on strategic management is an organisation's ability to manage instabilities and turbulence

(Ramírez & Selsky, 2016:100; Whittington et al., 2017:106; Wolf & Floyd, 2017:1763; Wheelen et al., 2018:38).

Criticisms of strategic management include that even a considered strategy may not result in achievement if not implemented well (Grant, 2016:373; Kotler et al., 2016:15); and it may not produce answers to the difficulties faced by organisations (Grant, 2016:24). Additional criticisms are that it may not be considered in the daily activities of organisations (Daidj, 2015:73; Grant, 2016:22; Wolf & Floyd, 2017:765), and excessively organised and prescribed procedures of strategic management may limit the organisation's capability to react to external conditions (Dibrell et al., 2014:2000; Daidj, 2015:73; Grant, 2016:24; Wolf & Floyd, 2017:1773). Limitations also include that the prevailing models and approaches may not be adequate to deal with the difficulties and instability (Daidj, 2015:73; Grant, 2016:365; Wolf & Floyd, 2017:1765) and that strategic management does not detect all the significant concerns in the organisation (Daidj, 2015:73; Grant, 2016:24).

Other complacencies include an increased focus on financial performance and costs because these may be more foreseeable, as well as maintaining a predetermined strategy, as competition and environmental instability increase in the face of significant disruptions (Martin, 2014:80).

## **2.6 STRATEGIC MANAGEMENT MODELS**

The next section focuses on some notable strategic management models and specifically the different stages of those models. Models of strategic management are diverse; however, scholars agree that models have distinct components, such as planning, implementation and evaluation (Neumann, 2017:177; Thompson et al., 2017:19; Wolf & Floyd, 2017:1758). The purpose of strategic management models is to guide the strategic process (Ungerer et al., 2016:39; Baumgartner & Rauter 2017:82; Wolf & Floyd, 2017:1758).

### **2.6.1 Jauch and Glueck's (1984) strategic management model**

The first step in the general decision-making process, as proposed by Jauch and Glueck in 1984, includes components such as exploration and understanding, where a SWOT analysis is done to examine the organisation's environment (Barnat,

2014:17). The second step involves the selection of options to ensure that a suitable strategy is selected, while the last step entails implementation and relates to ensuring that goals are met when the strategy is executed. In this step, it is also important to ensure that strategy and implementation will meet objectives (Barnat, 2014:17; Rao, 2016:15-16; Neumann, 2017:177; Prasad & Santhanam, 2017:12951). Criticism of Jauch and Glueck's (1984) model relates to its failure to extend planning to the short and medium terms, and that its focus may be too broad in considering various unrelated elements (Barnat, 2014:17; Rao, 2016:79-80).

### **2.6.2 Certo and Peter's (1991) strategic management model**

The strategic management model, proposed by Certo and Peter in 1991, consists of five stages, namely, environmental scanning, establishment of objectives, strategy formulation, implementation, and strategic control (Achumba & Chibuike, 2013:11; Golušin, Dodić & Popov, 2013:61; Rahman, 2014:35). However, this model of strategic management includes only a broad assessment of the external environment and neglects other assessments necessary for strategic analysis (Rahman, 2014:32).

### **2.6.3 Wheelen, Hunger, Hoffman and Bramford's (2018) strategic management model**

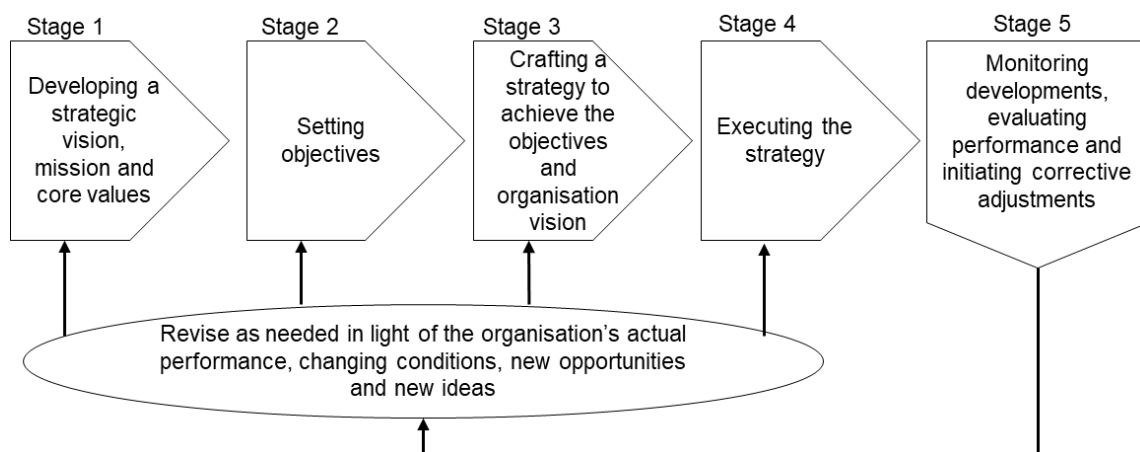
Similarly, the basic stages in the model developed by Wheelen et al. (2018:46) cover environmental assessment, formulation of the strategy, implementation of the strategy, and assessment and direction. The model is logical and guides the organisation on what the strategic management process entails and not necessarily what the organisation should do. The model is empirically supported and promotes that as environmental turbulence escalates, so too must organisations escalate their analyses of the situation to enable better strategic management (Wheelen et al., 2018:46). The model on strategic management includes examination, analysis and planning that would outline the measures necessary to achieve a competitive advantage (Wheelen et al., 2018:48).

#### 2.6.4 Ungerer, Ungerer and Herholdt's (2016) strategic management model

The model proposed by Ungerer et al. (2016:15) describes two stages. The first phase involves recognising feasible outlooks, while the second phase involves the development of feasible strategies. Completion of the first phase in the Ungerer, et al's. (2016:15) model, that is, attaining strategic insight, leads up to stages two to four, which are business modelling, planning and implementation of the strategy, and monitoring and evaluation (Ungerer et al., 2016:15). The model holds that the goal of strategic management is to realise sustainability and achieve larger and longer-term returns on investment while meeting the requirements of stakeholders (Ungerer et al., 2016:14).

#### 2.6.5 Thompson, Strickland and Gamble's (2005; 2017) strategic management model

Thompson, Strickland and Gamble's (Thompson et al., 2005:18; Thompson et al., 2017:20) model describe five stages. These stages include the development of the organisational mission, vision and values; setting objectives; developing appropriate strategies to achieve objectives; the execution of the strategy; and monitoring, evaluation and initiating corrective adjustments (Thompson et al., 2005:18; Thompson et al., 2017:20). This model is presented in Figure 2.8.

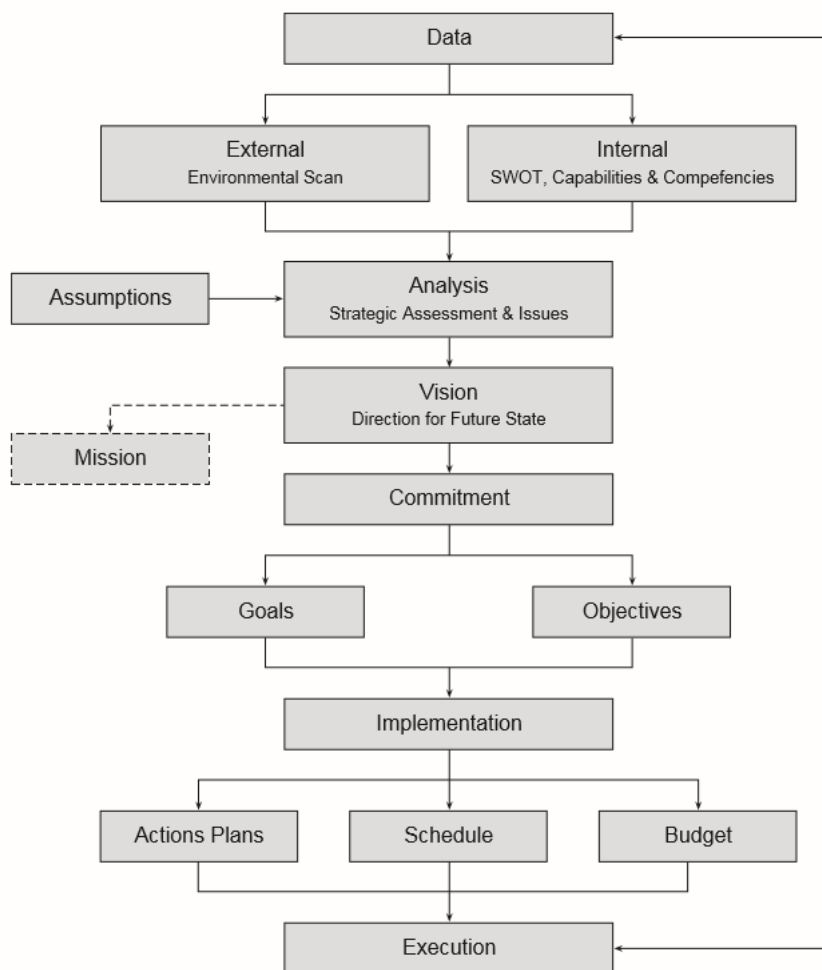


**Figure 2.8:** Thompson et al's strategic management model

Source: Thompson et al. (2005:18) and Thompson et al. (2017:20)

### 2.6.6 Kriemadis and Theakou's (2007) strategic management model for not-for-profit organisations

Kriemadis and Theakou (2007:28) developed a strategic management model for use in not-for-profit sport organisations, where the focus is not on profit but rather maximising outputs within budgetary constraints.



**Figure 2.9:** Kriemadis and Theakou's strategic management model  
Source: Kriemadis and Theakou (2007:34)

It is interesting to note the use of data, both external (environmental scan) and internal (SWOT, capabilities and competencies) are analysed to arrive at goals and objectives. These are then implemented according to action plans, schedules and budgets. From the model, one could conclude that the execution of the strategy is linked back to data and thus become an iterative process.

From the review of the six strategic management models above, it is clear that most models typically encompass five stages. The first stage is an outline of the organisation's mission, vision and values. The second stage involves environmental assessment which form the basis of the strategic insights and lead to setting strategic objectives. The third stage entails crafting and modelling the strategy, the fourth stage includes the implementation of the strategy, and the last stage concerns the monitoring, evaluation and control of the strategic plan. It should also be noted that all the models described above contain a feedback and control stage which directs information back to each of the stages to enable review and improvement. Some scholars consider this feedback and control stage as continuous improvement as it applies to the Deming cycle or the plan, do, check and act (PDCA) cycle (Pietrzak & Paliszkiewicz, 2015:152-153).

Few strategic management models include the use of tools. The models who include the use of tools include Wheelen et al. (2018:47), Ungerer et al. (2016:15) and Kriemadis and Theakou (2007:28). Tools are used in strategic management to gather and analyse data for decision-making and superior data would substantiate superior business decisions and ultimately an excellent strategic management process (Masha, 2014:137; Waas, Hugé, Block, Wright, Benitez-Capistros & Verbruggen, 2014:5526). Strategic management tools are an excellent way to present data to facilitate decision-making (Roper & Hodari, 2015:10).

The use of tools will assist with internal and external data analysis for use in the decision-making process of strategic management. The next section focuses on the use of tools in the strategic management process.

## **2.7 TOOLS IN THE STRATEGIC MANAGEMENT PROCESS**

The use of tools is considered to be an essential part of strategy as it enables the process of crafting strategy (Jarzabkowski & Kaplan, 2015:554). Tools assist in collecting and analysing information which guides thinking to enable improvement in strategic management. Tools may be defined as a basic outline, idea, style or application and may be adapted to suit the needs of the organisation. Furthermore, repeated use helps managers to realise a number of results and guide the strategy-making process (Jarzabkowski & Kaplan, 2015:551). Examples of popular strategic

tools are the SWOT analysis, BCG matrix, five forces matrix, value chain analysis and business models (Roper & Hodari, 2015:1-2; Wirtz, Pistoia, Ullrich & Göttel, 2016:36; Wolf & Floyd, 2017:1772).

### **2.7.1 Use and criticisms of tools**

Strategic tools are useful for helping managers to streamline and present intricate conditions as part of the strategy formulation process, enabling the organisation to understand ambiguities when examining and assessing strategic options (Jarzabkowski & Kaplan, 2015:538; Roper & Hodari, 2015:2; Planellas, 2017:4). Using coordinated methods, strategic tools organise information for scrutiny by using graphic perspectives and are useful for crossing boundaries and assisting with communication (Jarzabkowski & Kaplan, 2015:544; Roper & Hodari, 2015:2). Increased communication assists in improving observation and decision-making (Roper & Hodari, 2015:10). The flexibility of tools allows for them to be modified to the prevailing circumstances, and the feedback and control stage allow the conciliation of diverse concerns to facilitate agreement (Jarzabkowski & Kaplan, 2015:544 & 547).

However, while tools are useful in strategic management, they may be criticised as they only provide basic guidelines on how attractive an industry is or might be and may only provide unclear explanations about internal and external environments (Grant, 2016:365). Other frustrations include that strategic tools are too academic and are often not in harmony with actual strategy practice, since academics place significance on the rigour whereas managers place significance on the relevance (Roper & Hodari, 2015:3). Roper and Hodari (2015:3) argue that some tools have restricted use as these tools were created to respond to certain queries, or to examine particular circumstances. The use of strategic tools and the outcomes may not result in what they intend to do and may be obsolete, and thus inhibits the erstwhile information and understanding of managers (Roper & Hodari, 2015:3 & 9; Planellas, 2017:4). In addition, managers may revert to using tools that are familiar to them, even if the tools do not address the problem. Managers may also disregard the positive impact of collaborations of strategic tools (Jarzabkowski & Kaplan, 2015:543; Grant, 2016:365). These shortcomings in strategic management tools prohibit managers from adopting innovations and permutations of tools in strategic



management (Roper & Hodari, 2015:3; Wolf & Floyd, 2017:1772). The resulting organisational short-sightedness may be ascribed to a combination of incorrect and inefficient use of tools, as well as lack of competence in the use of a particular tool, which often prevent practitioners from employing other tools (Jarzabkowski & Kaplan, 2015:550).

### **2.7.2 Types of tools**

This section focuses on the types of tools that organisations may use in the strategic management process. The tools described are not exhaustive of the tools available to practitioners. When selecting particular tools, care should be taken to ensure that they meet the expected outcomes. The tools considered relevant for application in this study are the SWOT analysis, PESTEL evaluation, strategic group mapping, industry driving forces, five force analysis, VRIO framework, the value chain, the BCG matrix, business models, quantitative tools and PDCA quality improvement tools. These tools were relevant for this study owing to their distinctiveness and ease of application. The next section provides a brief overview of each of these tools.

- The SWOT framework is used to identify strategic issues, as it classifies the internal information available on strengths and weaknesses and the external information relating to opportunities and threats (Daidj, 2015:33-35; Kotler et al., 2016:26; Ungerer et al., 2016:259; Thompson et al., 2017:94-97). This tool is straightforward, well known and simple to apply (Jarzabkowski & Kaplan, 2015:542; Shields & Shelleman, 2015:63). The identification of strengths, weaknesses, opportunities and threats is a primary step that will assist not-for-profit organisations to understand what they are doing well and what could be improved. This tool also provides organisations with a simple understanding of their opportunities and threats.
- Analysis using the PESTEL framework considers the external macro environment in terms of political, economic, socio-cultural, technological, environmental and legal or regulatory factors (Aithal & Acharya, 2016:187; Palupiningrum et al., 2016:45-46; Wheelen et al., 2018:127-130). Environmental scanning using this framework will assist the organisation to

identify how it will remain relevant (Thompson et al., 2017:47). The use of this tool will assist not-for-profit organisation to analyse their position within this framework. The political, economic, social, technological, environmental and legal aspects are of particular interest for not-for-profit organisations, as they are often funded by governments or international donors (Salamon & Sokolowski, 2016:1522).

- The usefulness of strategic group mapping is that it is used to depict the competitive positions various organisations hold in the industry, as well as to better understand the organisational environment. Industry information such as income or sales revenue is plotted on a two-dimensional graph. The result of this may be used to visually demonstrate the organisation's position relevant to the competition in an area such as market share (Thompson et al., 2017:71; Wheelen et al., 2018:147). This tool is useful for application in not-for-profit organisations as it would assist in understanding the impact and role such organisations have within the context in which they operate.
- Industry driving forces describe those core drivers of change in the dynamic competition of an industry (Ungerer et al., 2016:104-106; Thompson et al., 2017:67). The most common elements driving change in industries include changes in the long-term industry growth rate, increasing globalisation, emerging new internet capabilities and applications, shifts in buyer demographics, technological change and manufacturing process innovations, product and marketing innovations, entry or exit of major organisations, diffusion of technical know-how across companies and countries, changes in cost efficiency, reductions in uncertainty and business risk, regulatory influences and government policy changes and changing societal concerns, attitudes and lifestyles (Thompson et al., 2017:71). The social aspect of not-for-profit organisations requires an understanding of the third sector to ensure that their planning has impact. When crafting strategy for not-for-profit organisations, it is essential to consider factors such as demographics, entry or exit of other organisations and government policy.

- The five forces model is another renowned and distinctive tool that allows for the analysis of the attractiveness and depth of an industry (Daidj, 2015:35-38; Jarzabkowski & Kaplan, 2015:542; Ungerer et al., 2016:88-90). The description of the forces allows an organisation to gauge their impact on the industry. These forces include rivalry from other suppliers, competition from substitute products, the danger of new market incumbents, the negotiation power of suppliers, and the negotiation power of customers (Thompson et al., 2017:50-52; Wheelen et al., 2018:140). The applicability of this analysis lies in its ability to help not-for-profit organisations to understand where they fit in the market and how they may sustain their market position.
- An internal evaluation of competencies may utilise the VRIO (valuable, rareness, imitability and organisation) framework (Sanchis-Palacio et al., 2013:543; Palupiningrum et al., 2016:44). This framework suggests four questions to assess whether the organisation's competencies will allow it to gain a competitive advantage. These questions are centred on the key words for the acronym and includes whether the competency will result in client appeal and competitive edge. Further examination covers whether other competitors may also boast the same competency, whether competing organisations have the capacity to duplicate the competency, and whether the organisation is geared to exploit the competency (Thompson et al., 2017:91; Wheelen et al., 2018:140). The evaluation of these internal competencies would allow not-for-profit organisations to identify their current comparative advantages and those that could be developed for the changing environments.
- The value chain assumes that every organisation is an amalgamation of all the activities it uses to bring the product or service from the point of being an idea to the point where it reaches the customer. This evaluation is done at intervals, including the acquisition of raw materials, how value is added to these raw materials, how this product is marketed and distributed, and what service is offered to the customer after the sale has taken place (Daidj, 2015:42-46; Ungerer et al., 2016:109-112; Thompson et al., 2017:99-101;

Wheelen et al., 2018:172). This type of analysis is useful in not-for-profit organisations since it helps to identify the areas or projects where the organisation is able to demonstrate the most value and programmatic impact. It may also give such organisations guidance on which areas could be further developed as a comparative advantage.

- The evaluation matrix developed by the Boston Consulting Group, the BCG Matrix, is another simple tool that is used for making financing choices (Jarzabkowski & Kaplan, 2015:542; Ungerer et al., 2016:193). The matrix classifies an organisation's range of offerings in terms of the annual growth in the market, with the information being used to determine the viability of such an offering. In terms of this matrix, "dogs" are offerings with minimal market share and no growth prospects and should be divested, whereas "question marks" are new offerings that may possibly flourish, although they may require a large influx of finances. "Cash cows" are those offerings that generate money in excess of what is required to maintain market share, but they are often in developed or deteriorating phases of their life cycles. "Stars", on the other hand, are leading offerings in the market nearing their pinnacle and generate adequate financing to maintain their market share (Wheelen et al., 2018:238-239). Not-for-profit organisation could use this analysis to evaluate the different projects they have and to determine which of these projects promises most growth and viability in the longer term. The analysis would also contribute to decision-making on which project should be abandoned due to a lack of social impact or funding.
- Business models are tools used to describe the way an organisation will generate worth for the customer (Wirtz et al., 2016:41; Rauter et al., 2017:145). They are influenced by the strategy and serve as a roadmap or a plan of how to operationalise strategy (Ungerer et al., 2016:251; Wirtz et al., 2016:41; Rauter et al., 2017:147). They streamline the organisation's strategy to clearly outline the value proposition (Wirtz et al., 2016:42; Thompson et al., 2017:10). The business model components consider relevant activities in areas such as infrastructure (what are the key activities and resources, and how to utilise the partner networks), the value

proposition of product or service, customers (segmentation, channels and relationships), and finance (revenue streams and cost structures) (Wirtz et al., 2016:41; Wheelen et al., 2018:170). Improvements in the way an organisation does business, or business model innovation, is an essential element for creating a sustainable organisation (Wirtz et al., 2016:36; Rauter et al., 2017:146). The applicability of business modelling in not-for-profit organisations pertains to the way in which they do business. This process will assist such organisations to improve the way they do business at lower costs.

- A financial perspective in strategic management is crucial and therefore, quantitative analysis should be included in the strategic management process (Jarzabkowski & Kaplan, 2015:543; Ungerer et al., 2016:181; Thompson et al., 2017:85). Quantitative tools may include profitability ratios (gross profit margins, return on sales, net profit margins, return on assets, return on equity, return on capital employed), liquidity ratios (working capital, current ratio), operating leverage ratios (debt-to-asset, debt-to-equity- and times-interest-earned ratios) and activity ratios (stock days, stock turnover, dividend yield, price-earnings ratio, dividend pay-out ratio, and free cash flow) (Ungerer et al., 2016:181-184; Thompson et al., 2017:85-87). The financial perspective is important in not-for-profit strategic management as it would assist the organisation in managing its finances which may result in improved strategic management and cost savings. In turn, it would ensure that the organisation is able to seek additional funding proactively before the current funding runs out.
- All of the strategic management process models described above include a measure of monitoring, evaluation, feedback and control through a repetitive process but no tool is identified for this component. The Deming PDCA (plan, do, check, act) cycle proposes the use of a repetitive process as strategic learning could lead to variations and enhancements in the strategic management process (Pietrzak & Paliszkiewicz, 2015:149). Turbulence has resulted in that strategic management is an ongoing exercise, and as strategic management is a data-driven process, the

feedback and control created by the PDCA cycle allows for enhanced problem-solving, testing, understanding incidents and conveying information (Pietrzak & Paliszkiewicz, 2015:151). Accordingly, the PDCA tool would assist not-for-profit organisations with the feedback and control stage and in identifying and implementing improvements in their strategic plans.

## **2.8 STRATEGIC MANAGEMENT AND SUSTAINABILITY**

This chapter has so far discussed how turbulence, instability and uncertainty are on the rise and how strategic management allows organisations to make sense of the environment in which they operate. This section focuses on how organisations should seek not only to remain operational and sustainable but also to thrive during turbulent and uncertain times. Strategic management could be used to ensure that organisations are able to plan for and achieve planned outcomes in the face of these uncertainties (Higgins, 2014:253; Jäger et al., 2016:116). However, organisations aim not only to be able to achieve their objectives but also to do so in a sustainable and durable manner (Klettner, Clarke & Boersma, 2014:145; Perrott, 2015:2; Engert et al., 2016:2834; Lloret, 2016:418). Organisations that are sustainable are more resilient to turbulence, and generate economic worth, strong environments and robust societies (Perrott, 2015:43).

### **2.8.1 Sustainability and the triple bottom line**

While organisations aspire to become sustainable, it is necessary to understand what sustainability encompasses. The World Commission on Environment and Development (WCED) defines sustainability as a development that satisfies the needs of the current generation without jeopardising the ability of future generations to meet their own needs (Shields & Shelleman, 2015:61; Teh & Corbitt, 2015:39; Engert & Baumgartner, 2016:822; Baumgartner & Rauter, 2017:83; Gauthier, 2017:77; Rauter et al., 2017:145). The triple bottom line includes environmental, social and economic performance. For an organisation to remain essentially constant in the future, it needs to consider all three aspects (Amini & Bienstock, 2014:13; Perrott, 2015:42; Shields & Shelleman, 2015:60; Wilson, 2015:433; Lloret, 2016:418; Baumgartner & Rauter, 2017:83). Organisations should deal with these

aspects in tandem to ensure they become sustainable (Baumgartner & Rauter, 2017:86; Rauter et al., 2017:144), while also giving due consideration to governmental policies (Charles et al., 2015:10).

Sustainability in for-profit organisations typically entails environmental sustainability, societal durability and financial constancy (Lloret, 2016:418). However, this concept (triple bottom line) is aligned to not-for-profit organisations and is described in Chapter 2, section 2.8.3. Further linkages are then presented in Chapter 3, section 3.9 focussing on how the triple bottom line relates to the concept of triangular sustainability as described by Mourão and Enes (2017:836). An organisation has a continuing responsibility to its stakeholders; therefore, it has to consider its needs and reconcile them with its future needs; as such, it has to be able to prosper in unstable environments (Engert et al., 2016:2834; Wheelen et al., 2018:42). In essence, sustainability refers to how corporate procedures are used to achieve the triple bottom line (Wheelen et al., 2018:42).

For the purpose of this study, sustainability is defined as responsible development to ensure the optimal impact on the programme, social and economic functioning of the organisation in a way that maximises current impact, without compromising future survival.

Not-for-profit organisations may be seen to be contributing to sustainable development, since such organisations aim to improve community circumstances with little impact on the environment, whilst benefiting the less fortunate. Such organisations do this by providing sustainable services and goods (Perrott, 2015:43; Gauthier, 2017:83). Gauthier (2017:90) argues that the implementation of sustainability strategies offers methods for generating economic and societal value for the organisation. Sustainability of not-for-profit organisations are further discussed in Chapter 3 (section 3.8).

In line with the United Nations (UN) Global Compact, 96% of organisations surveyed agree that sustainability concerns will be crucial for their success in the future (Perrott, 2015:41; Rauter et al., 2017:145). In the light of the concerns of the UN Global Compact, it is clear that the lack of a strategic focus on sustainability is an important shortcoming in organisations (Shields & Shelleman, 2015:59; Engert &

Baumgartner, 2016:823; Engert et al., 2016:2864; Rauter et al., 2017:151). As an organisation's decisions are not always clear, it must appreciate how to produce viable profit through a strategy that meets the organisational goals (Lloret, 2016:418; Rauter et al., 2017:145; Baumgartner & Rauter, 2017:90). It should also ensure that sustainability strategies are wisely shaped to balance precisely with organisational conditions (Engert & Baumgartner, 2016:823; Engert et al., 2016:2834; Baumgartner & Rauter, 2017:88).

Organisations that lead sustainability initiatives have better prospects for making an impact on sustainability (Unruh, 2013:18). However, to outline and apply corporate sustainability, organisations must determine the competencies needed (Baumgartner & Rauter, 2017:88). Furthermore, research has suggested that when organisations invest in sustainability efforts, they experience greater financial returns (Klapper & Beinker, 2017:1), and improved efficiencies and productivity at a reduced risk and impact to society and the environment (Baumgartner & Rauter, 2017:86). The positive impact of sustainability ultimately results in improved competitiveness and the building of stakeholder value in terms of organisational legitimacy and acceptability, rather than shareholder value in terms of financial returns (Baumgartner & Rauter, 2017:87). Investment in sustainability strategies may also result in additional spending on capital and labour, and may eventually increase a country's GDP (Klapper & Beinker, 2017:1).

Despite the positive returns from adopting sustainability into strategy, some organisations still find it difficult to do so (Shields & Shelleman, 2015:59; Engert & Baumgartner, 2016:823; Rauter et al., 2017:151). Three areas should be considered when aligning strategy to sustainability (Engert et al., 2016:2837). These comprise organisational aspects, drivers from both inside and outside the organisation, as well as assisting and hampering aspects (Engert et al., 2016:2837). Organisational aspects deal with how the organisation conducts operations and should consider the size of the organisations, as well as industry reflections (Engert et al., 2016:2838). Drivers from both inside and outside the organisation include those that add to creating competitive gains such as cost reductions, innovation and quality management; those that consider policy issues such as legal and compliance considerations; and those that contribute to the organisation's viability



such as its reputation, financial performance and innovation (Engert et al., 2016:2840).

Assisting and hampering aspects of aligning strategy to sustainability could be perceived in a positive or negative manner. These include leadership and management, stakeholder commitment, continuous learning, unambiguousness, corporate culture and communication (Engert & Rauter, 2016:2840-2842).

### **2.8.2 Strategic flexibility**

Organisations may overcome difficulties in the inclusion of sustainability in strategic management by becoming more flexible (Leavy, 2014:3; Sushil, 2015:114; Rauter et al., 2017:146; Wolf & Floyd, 2017:1768). This flexibility in strategic management, entails an organisation's ability to modify its strategy, as outside conditions such as prospects or risks emerge (Dibrell et al., 2014:2001; Sushil, 2015:114). Disruptions in the environment result in organisations having to respond more rapidly to changes and those competencies that have resulted in advantages being duplicated by others (McGrath, 2013:63; Leavy, 2014:5). Thus, organisations seldom preserve a genuinely durable competitive advantage (McGrath, 2013:62) and must constantly seek innovations to sustain their competitive advantage. This fleeting advantage held by organisations is reproduced by competitors and is known as a transient advantage (McGrath, 2013:62). Constant innovation and strategic flexibility are advocated as mitigations for transient advantages and turbulence (Leavy, 2014:6).

Transient advantage includes the agility and flexibility of organisations to adapt to changing environmental needs and, in this way, remain relevant and retain their competitive advantage. Some of the requirements for the transient advantage include flexible leadership, entrepreneurial focus, networking, and innovation and knowledge management. Building the transient advantage requires organisations to formulate operational shifts so as to become nimbler and more client-oriented, and will open opportunities in new industries (McGrath, 2013:69).

As strategy becomes more abstract, more focused on customers and less focused on one industry, and competitive advantages become more transient, strategic flexibility will allow organisations to remain viable in the long run (McGrath, 2013:62). It may also assist organisations to nurture their competitive advantage to

become sustainable by developing innovations, thus creating multiple transient advantages (McGrath, 2013:67; Dibrell et al., 2014:2001). The need for strategic management in organisations and their investment in innovations will help to build competitive advantages. In addition, to become sustainable requires that the frequency of planning and the time span for strategic management increase (Wolf & Floyd, 2017:1770).

### **2.8.3 Linking the triple bottom line to sustainability**

The vague approach to sustainability from a strategic management perspective raises various questions regarding how sustainability could be incorporated in strategic management (Shields & Shelleman, 2015:59; Rauter et al., 2017:151). Traditionally, the three aspects of sustainability (financial, environmental and social) provide some measure of direction to focus energies on areas where the impact of sustainability may be the greatest (Engert & Rauter, 2016:2837; Baumgartner & Rauter, 2017:86; Rauter et al., 2017:144). The triple bottom line aims to ensure organisational sustainability by integrating the three concepts, financial, environmental and social. While the triple bottom line is unique to for-profit organisations and particularly production-oriented organisations, there is a need to adapt these concepts to different organisational sectors and settings (Ebbesen & Hope, 2013:5-7; Satar, John & Ahmed, 2016:123).

Similarly, the third sector and not-for-profit organisations are interested in sustainability and as such, the triple bottom line concept needs to be adapted for use in this sector (Tu, 2015:30; Avelino & Wittmayer, 2016:629; Satar et al., 2016:127). The three areas of the triple bottom line and their impact on sustainability are discussed below.

#### **2.8.3.1 *Financial aspect***

Financial considerations are possibly the most familiar concept that has an impact on sustainability, owing to the historical thinking that an organisation's viability is linked to its ability to produce profits (Klettner et al., 2014:151; Jarzabkowski & Kaplan, 2015:543; Perrott, 2015:43; Baumgartner & Rauter, 2017:83; Maritan & Lee, 2017:2411; Wheelen et al., 2018:40). Financial aspects are well incorporated in strategic management in that quantitative tools such as profitability, liquidity,

leverage and activity ratios are used in the internal and environmental analysis used to inform the strategy (Ungerer et al., 2016:181-184; Thompson et al., 2017:85-87). Similarly, these considerations also have an impact on financial stability and, invariably, the sustainability of all organisations, including not-for-profit organisations. The financial aspect is arguably the most apparent parallel for applying the triple bottom line to not-for-profit organisations. Not-for-profit organisations must remain financially viable to ensure future operations (Carayannis, Sindakis & Walter, 2015:93; Satar et al., 2016:116; Mourão & Enes, 2017:824).

### 2.8.3.2 *The environmental aspect*

The environmental aspect of the triple bottom line includes the obligation of the organisation to operate in such a way as to have a minimal negative impact on the environment. Moreover, it includes considerations for environmental efficiency and equity (Perrott, 2015:43; Rauter et al., 2017:145; Wheelen et al., 2018:40). This component includes aspects such as resources, fuel, water, waste produced by operations, products and services, compliance with production and service standards (Shields & Shelleman, 2015:62), as well as the frequency of communicable diseases (Wheelen et al., 2018:43). Improvements in the productivity, efficiency and effectiveness of production and service delivery systems have a positive impact on the advancement of more sustainable goods and services, cost reduction and outputs (Baumgartner & Rauter, 2017:85-86; Wheelen et al., 2018:108).

The very nature of not-for-profit organisations are that they deliver services through programmes to communities to improve societies and thus improve the environment or situation in which these communities find themselves. Some not-for-profit organisations may even operate in the environmental sphere through implementing conservation programmes. However, the resource-constrained nature in which not-for-profit organisations deliver services through programmes makes the environmental aspect relevant, as they too need to improve the efficiencies and effectiveness of their programmes (Jones & Mucha, 2014:1465; Tu, 2015: 30; Satar et al., 2016: 116; Walton, Davies, Thrandardottir & Keating, 2016:2771).

### 2.8.3.3 *The social aspect*

The impact of the social element on sustainability revolves around societal fairness, social efficiency and adequacy (Perrott, 2015:43; Wheelen et al., 2018:40). It includes improved employment environments, diversity, equality, talent attraction and management, employee commitment, as well as the encouragement of innovation, leadership and ethical organisational conduct (Leavy, 2014:6; Baumgartner & Rauter, 2017:85; Rauter et al., 2017:151; Wheelen et al., 2018:43). The conclusive impact of investment in the social element of the triple bottom line is that its management stimulates the implementation of sustainable strategies and assists in the expansion of the organisation through innovations and improved organisational performance (Shen & Gentry, 2014:962; Engert et al., 2016:2842; Baumgartner & Rauter, 2017:88; Wu et al., 2017:2266). Thus, the parallel between the social component of the triple bottom line is essentially linked to how people add value to ensure sustainable organisations. It can be argued that not-for-profit organisations leverage their ability to deliver on programmes on the capacity and capability of their human capital. As such, the people aspect is an important pillar to achieve sustainability as without it, organisations would not be able to deliver on programmes which would have a negative effect on securing funding for future programmes (Tu, 2015:30; Maboya & McKay, 2019:5).

The achievement of improvements in sustainability have positive outcomes for the financial position, environmental impact and social performance of organisations. The financial outcomes of the organisation have a direct impact on its sustainability (Wirtz et al., 2016:36; Baumgartner & Rauter, 2017:85). Improvements in the organisation's operations and its environmental impact contribute to sustainability in that the reduction in costs and the improvements in processes contribute to both financial and social performance (Baumgartner & Rauter, 2017:86; Wheelen et al., 2018:108). Societal improvements in sustainability augment organisational performance in that new innovations from employees contribute to creating competitive advantages for the organisation (McGrath, 2013:67; Charles et al., 2015:12). In addition, the positive perception of the organisation adds to the organisation's market share, brand and ultimately, their sustainability (Shields & Shelleman, 2015:63; Baumgartner & Rauter, 2017:88; Wu et al., 2017:2266).

The consideration of financial, environmental and social aspects is linked to the strategic management and sustainability, as outlined in Chapter 1 (section 1.6.3) and the financial aspect is an important aspect for determining the sustainability of an organisation. The programme aspect focuses on strategic management and sustainability outlined in Chapter 1 (section 1.6.3) relates back to the environmental aspect of the triple bottom line. This aspect may be relevant for not-for-profit organisations, as their focus is mainly on societal outcomes and relates to the people, as highlighted in Chapter 1 (section 1.6.3), in strategic management and sustainability.

The financial, environmental and social aspects of the triple bottom line, as described above, could be linked to the three constructs identified in Chapter 1, section 1.6.3, namely, the financial, programme and people construct. The current research proposes that strategic management could be directed towards these three areas to improve organisational effectiveness, and thus, ensure the sustainability of not-for-profit-organisations.

## **2.9 CONCLUSION**

This chapter discussed the impact of the IR 4.0 and black swan events and their contribution to increased environmental instability and volatility. Emphasis was placed on the importance of strategic management for mitigating instability and volatility. Furthermore, the chapter discussed strategy and strategic management.

The different approaches to strategic management were discussed, including the market-based and resource-based views. The different levels of strategic management at corporate, business and functional levels were described and the chapter also focused on reactive, deliberate and emergent strategies. This was followed by an outline of the development of modern strategic management from 1957 to 2016. Particular attention was paid to contributors to the field of strategic management as well as the contributions they made during this period.

The advantages and detriments of strategic management were discussed as an introduction to the various strategic management and management models. A discussion on the tools used in strategic management followed, including an outline of some of the tools that are useful in the process of crafting strategy.

The chapter concluded with a discussion of strategic management and sustainability, including components such as sustainability, the triple bottom line, and how strategic flexibility is useful in addressing the requirements of the triple bottom line.

The next chapter describes not-for-profit organisations in general with a specific focus of such organisations in Namibia.

## **CHAPTER 3: NOT-FOR-PROFIT ORGANISATIONS**

### **3.1 INTRODUCTION**

This chapter discusses not-for-profit organisations, the meaning of not-for-profit organisations and the orientation, types and classifications of not-for-profit organisations, also known as the third sector or the not-for-profit sector. Furthermore, the purpose, characteristics and types of civil society organisations are explained. Particular focus is placed on Namibia, outlining the functions and characteristics of local organisations, as well as the legal and regulatory frameworks within which not-for-profit organisations function.

The chapter begins by addressing the turbulent environment in which not-for-profit organisations operate as well as their complexity. In particular, the way modern-day social issues may be addressed by not-for-profit organisations is discussed. Third sector complexity in Namibia was then outlined, followed by international and Namibian efforts made to address social responsibility and redress social imbalances. The next component focused on the economic contribution of the third sector, including its contribution to GDP and its representation as a percentage of the total labour force. Global examples give rise to instances from developed countries and developing countries, with the focus returning to the third sector's economic contribution in Namibia. A discussion on the sources of funding for not-for-profit organisations in Namibia follows.

The magnitude of foreign aid worldwide is discussed next, and a comparison of the foreign aid contributions of various countries is followed by an explanation of how this foreign aid is distributed around the world. The dialogue then centres on PEPFAR and the contributions that this foreign aid programme has made to the fight against HIV and AIDS in sub-Saharan Africa. PEPFAR-funding trends in Namibia are outlined against the backdrop of declining donor funding in the country. Next, the section outlines the total amount spent on health in Namibia, specifically on HIV and AIDS, and how much of that spending is a result of donor funding. The economic impact of health workers and the returns on investment in the health sector are also discussed.

The strengths, challenges and benefits of organisations in the third sector are then presented, followed by arguments about sustainability and strategic management in not-for-profit organisations. The final section in this chapter examines strategic management and its impact on the sustainability of not-for-profit organisations. These shortcomings are classified in terms of three constructs – financial, programme and people.

### **3.2 NOT-FOR-PROFIT ORGANISATIONS IN CONTEXT**

The notion of not-for-profit organisations is abstract at best (Von Schnurbein et al., 2017:3), with deficiencies in how these organisations are classified as a result of the different types, practical vagueness and their foundation in ideologies (Suleiman, 2013:242). In addition, actors in the not-for-profit sector are numerous and diverse (Pandey, 2013:61; Jones & Mucha, 2014:1471; Banks, Hulme & Edwards, 2015:707; Aligica, 2016:44S; Chenhall, Hall & Smith, 2016:670; Kaloudis, 2017:84).

There is agreement that the not-for-profit sector forms part of civil society in general (Suleiman, 2013:246; Banks et al., 2015:708), and as such, acts as an agent between governments and societies (Suleiman, 2013:245; Epperly & Lee, 2015:174; Witesman, 2016:1005). The purpose of the not-for-profit organisations is to span the gap between the public and the private sectors, which is why it has been named the “third sector” (Epperly & Lee, 2015:177; Viganó & Salustri, 2015:1174; Pape et al., 2016:547; Salamon & Sokolowski, 2016:1515; Hodges & Howieson, 2017:69; Von Schnurbein et al., 2017:4-5).

Consensus on the definition of the third sector, which is separate from the private and public sectors, or the social economy, has not been reached owing to the multiplicity and disjointedness of the actors in the sector (Salamon & Sokolowski, 2016:1520). However, scholars agree that the boundaries of where this sector starts and ends have been blurred and the interchanges between the private and public sectors are imperceptible (Pape et al., 2016:549; Salamon & Sokolowski, 2016:1518; Hodges & Howieson, 2017:69). The characteristic of inclusivity of the third sector refers to operations outside the public sphere and not-for-profit organisations which could be either an official entity or informally organised.



Accordingly, not-for-profit organisations should not produce or disburse profits while aiding populations and building social capital. Organisations in the third sector should not be coercive and should be self-organised. Furthermore, participation in such organisations should be done willingly (Pape et al., 2016:547; Salamon & Sokolowski, 2016:1533-35). The UN's handbook on non-profit/not-for-profit organisations in the system of national accounts defines organisations in the third sector as those that may or may not be formal and legal, which are self-organised, are private and engage people voluntarily to address social demands without seeking profit (Salamon & Sokolowski, 2016:1528).

While the third sector is a response to societal challenges such as development, alliance and engagement, their societal impact can be further enhanced to add more value and impact to the societies in which they operate (Salamon & Toepler, 2015:1258; Zatepilina-Monacell, 2015:232; Aligica, 2016:56S). Salamon and Toepler (2015:1268) add that the strengths of this sector complement the weaknesses of the public sector, while the weaknesses of the third sector, in turn, are supplemented by the strengths of the public sector. The strengths of the third sector are further promoted by the number and variety of organisations included therein (Salamon & Sokolowski, 2016:1525). The inclusivity of the sector is evident in the interchangeability of titles, such as civil society; charity, volunteer, philanthropic and non-profit sector; social economy and social enterprise (Salamon & Sokolowski, 2016:1526; Von Schnurbein et al., 2017:1).

Not-for-profit organisations have emerged to meet private needs for mutual goods which are not available from either the market or the government (Suleiman, 2013:242; Jones & Mucha, 2014:1465; Epperly & Lee, 2015:174; Salamon & Toepler, 2015:245). In addition to forming a link between society and government, not-for-profit organisations and civil society, in a broader sense, are an indicator of the democratic vibrancy of governments (Banks et al., 2015:711; Aiyede, 2017:1329) and address various social and developmental issues (Weideman, 2012:16; Holzhausen, 2013:1; Jones & Mucha, 2014:1471). Not-for-profit organisations were historically seen to offset politics and democracy in governments, and the existence of such organisations is indicative of the health of a country's democracy. However, not-for-profit organisations have further evolved

to become an equaliser in the power of large multinational organisations by advocating for various social issues such as combatting global warming, and the preservation of natural resources in a broader context. In the field of HIV and AIDS, not-for-profit organisations are instrumental in stigma reduction and access to quality health care (Harangozó & Zilahy, 2015:18; Pape et al.; 2016:550).

The UN's definition of not-for-profit organisations relies on six determinants: denoting the interests of a diverse group; pursuing altruistic missions with no profit-making aims; not interfering in governmental affairs; not promoting violence; supporting the mission of the UN; and being independent (Witesman, 2016:97S; Kaloudis, 2017:84).

Not-for-profit organisations should to some degree endorse the aspects of official composition, self-governance and voluntarism. The World Bank (1989:8; 1999:1), meanwhile, defines not-for-profit organisations to “include a large variety of groups and institutions that are entirely or largely independent of the government and are characterised by humanitarian or cooperative rather than commercial objectives”. The pattern that emerges is thus not a definition, but rather a description of the purposes, characteristics, types and orientations that are used to identify not-for-profit organisations.

### **3.3 PURPOSE, CHARACTERISTICS AND TYPES OF NOT-FOR-PROFIT ORGANISATIONS**

Not-for-profit organisations act in the space where government and markets cannot meet the needs of consumers (Singh & Bodhanya, 2014:349; Epperly & Lee, 2015:174; Viganó & Salustri, 2015:159). Not-for-profit organisations serve needs in our societies that are unfathomable within a restricted timeframe and pay specific attention to marginalised people who may not have access to certain goods and services (Holtzhausen, 2013:3; Aschari-Lincoln & Jäger, 2016:613). Such goods and services may include food, education or healthcare, and these not-for-profit organisations may even augment government support for these goods and services within a country's rural and underserved areas (Singh & Bodhanya, 2014:349; Salamon & Toepler, 2015:2159). Increased global turbulence, instability and

unpredictability (Higgins, 2014:243; Schwab, 2016:19) have increased the necessity for not-for-profit organisations to address social issues.

### **3.3.1 Classifications of not-for-profit organisations**

According to the World Bank classification, these organisations can be categorised in two ways – by orientation or by operation (World Bank 1999:1; AL-Tabbaa et al., 2014:669; Dugle et al., 2015:146). Classifying these organisations by orientation includes charitable organisations that meet the needs of the poor, such as relief organisations, organisations that provide a service to beneficiaries, participatory organisations that offer self-help and community development, and empowering organisations that aim to improve the consciousness of beneficiaries to regulate their own destinies (AL-Tabbaa et al., 2014:669; Dugle et al., 2015:146). Not-for-profit organisations classified by level of operation include community-based organisations that arise from a community's own enterprises and include faith-based organisations, city-wide organisations such as Rotary or Lions Clubs, national organisations that may have branches countrywide, and international organisations that may have branches in different countries (AL-Tabbaa et al., 2014:669; Dugle et al., 2015:147). Internationally, classifications can include Southern non-governmental organisations (NGOs), Northern NGOs, government-organised NGOs, donor-organised NGOs, international NGOs and local NGOs. Southern NGOs are those that fall within the southern hemisphere, whereas northern NGOs are located in the northern hemisphere (Kaloudis, 2017:84).

Additional classifications of not-for-profit organisations pertain to functions such as relief work, economic and social advancement, activism and education, agenda setting, civic education and raising awareness, monitoring, increasing openness, and providing technical expertise and information (Kaloudis, 2017:91-98). Further classifications include that such organisations have charitable interactions and provide service delivery, advocacy and empowerment (Maier et al., 2016:75; Witesman, 2016:99S; Von Schnurbein et al., 2017:3).

### **3.3.2 Characteristics of not-for-profit organisations**

Not-for-profit organisations do not pursue financial aims and do not allocate any revenues to stakeholders, as they reinvest profits back into their operations (Singh

& Bodhanya, 2014:350; Salamon & Toepler, 2015:2161). These organisations have a particular charitable and voluntary component, as they are discretionary and membership is not compulsory, although they are able to marshal individuals to achieve societal benefits (Singh & Bodhanya, 2014:350; Witesman, 2016:97S). As such, not-for-profit organisations are known to mobilise individuals and societies, and are often involved in promoting democracy, acting in the public interest and advancing societal transformation (Jones & Mucha, 2014:1467; Salamon & Toepler, 2015:2163; Aiyede, 2017:1327; Langer & Le Roux, 2017:457).

In addition, not-for-profit organisations have evolved to act as activists against corporations and industries in environmental matters such as climate change (Harangozó & Zilahy, 2015:18). These characteristics do not include the grey areas of not-for-profit organisations, which involve informal voluntary activities, unregistered formal charitable activities and regulated formal charitable activities (Witesman, 2016:100S). As their main purpose is not profit-making or attaining political power, not-for-profit organisations are reliant on aid to fulfil their missions (Epperly & Lee, 2015:174; Kaloudis, 2017:86). Unfortunately, their sources of funding are declining and have become more fragmented. Such sources include governments, international development organisations, private organisations and philanthropists (Blecher, Chiu, Abdullah, Davén, Tavanxi, Meyer-Rath, Pillay, Kollipara & Borowitz, 2016:203).

Other characteristics of not-for-profit organisations include the fact that they are structured formal entities that are able to oversee and regulate their own activities and have their own in-house management structures (Singh & Bodhanya, 2014:350). These organisations are distinct from governmental and municipal organisations, and act as mediators, providing goods and services that the market and governments are unable to provide to communities (Jones & Mucha, 2014:1467; Singh & Bodhanya, 2014:350; Epperly & Lee, 2015:174; Viganó & Salustri, 2015:159; Pape et al., 2016:547).

### **3.3.3 Not-for-profit organisations in an international context**

In Europe, budget austerity measures, the great recession of 2008 and natural disasters have promoted the growth of not-for-profit organisations to deal with the

social and economic consequences (Viganó & Salustri, 2015:159; Kaloudis, 2017:88).

In South Africa, not-for-profit organisations include community-based, non-governmental-based and faith-based organisations that are legally registered as non-profit-making companies, trusts or organisations based on professional affiliation (Iwu et al., 2015:9565).

The multiplicity and diversity of not-for-profit organisations hampers the convergence of definitions, but such organisations can be identified as ranging from small to large, informal to formal, flexible to inflexible, and funded by local sources or receiving external donor funding (Lewis, 2010:1058; Banks et al., 2015:708; Kaloudis, 2017:84; Von Schnurbein et al., 2017:3).

#### **3.3.4 Namibian context**

In Namibia, the Civic Organisations Partnership Policy makes it evident that the government considers civil society to be an important component of the development of the country (Republic of Namibia. National Planning Commission (NPC), 2005:3). In Namibia, such organisations have grown in both number and size (Tembo, 2018).

The Namibia Civic Organisations Partnership Policy is the legal and regulatory framework for civil organisations, and includes voluntary associations, trusts and foundations, companies not for gain, welfare organisations and cooperatives such as school boards and councils (Republic of Namibia. NPC, 2005:3). The governance structure of each type of civil organisation is either legal or regulatory, that is, either established by legal statutes or voluntary member associations.

Voluntary not-for-profit organisations in Namibia are usually member organisations and are governed by Namibian common law and have a limited number of regulations. Voluntary organisations are by nature membership-based and are guided by their own constitutions and by-laws (Republic of Namibia. NPC, 2005:3). Trusts and foundations are governed by the Trust Moneys Protection Act No. 34 of 1934 and are registered with the Master of the High Court (Republic of Namibia. NPC, 2005:3). These organisations are not separate or distinct legal entities (Van

den Berg, 2013:2), are not membership-based, and are administered by a board of trustees (Republic of Namibia. NPC, 2005:3). The regulations for trusts and foundations are more lenient than for companies (Van den Berg, 2013:2).

Companies not for gain, or Section 21 companies, are governed by the Namibian Companies Act No. 28 of 2004. Such companies do not have profit-making capacity and do not have any share capital (Republic of Namibia. NPC, 2005:3; Van den Berg, 2013:2). These companies are the most formal subsector of civil society and are registered as separate legal entities that are administrated by a board of directors (Republic of Namibia. NPC, 2005:3; Van den Berg, 2013:2). Welfare organisations are governed by the Welfare Act No. 12 of 1979 and are regulated by the Ministry of Health and Social Services (MoHSS) in Namibia. These organisations have specific recognition relating to their collaboration among each other in social welfare. However, they must be constituted in line with one of three options, namely, trusts, section 21 companies and welfare organisations. Cooperatives are governed by the Cooperative Act No. 23 of 1996 and include councils and school boards (Republic of Namibia. NPC, 2005:3).

The Namibia Civic Organisations Partnership Policy is a national policy which provides guidance on the characteristics that not-for-profit organisations have in common. These characteristics involve that they function for the benefit of the public, their members or their funders; they do not distribute profits; they observe self-governing structures; they are voluntary and participatory associations; they enable their recipients; and they function independently from governments and funders (Republic of Namibia. NPC, 2005:6-7).

Many of the characteristics of not-for-profit organisations and civil society described above are also applicable in Namibia; that is, some not-for-profit organisations in the country promote democracy, especially since the country's independence in 1990 (Kößler, Weiland & Klie, 2016:3; Du Pisani, 2017a:7; 2017b:7). In a similar fashion, not-for-profit organisations in Namibia serve to bridge the gap between what society needs and what the markets and the government can provide (Kößler et al., 2016:6; Du Pisani, 2017b:7). The Namibian government requires such organisations to operate altruistically, that is, they are not for profit (Kößler et al., 2016:2) and mobilise individuals to benefit society (Kößler et al., 2016:7; Du Pisani,

2017c:7). The global trend in advocating by not-for-profit organisations is also seen in Namibia, with such organisations having a strong focus on environmental and conservation issues such as climate change, wildlife conservation and marine ecosystems (Kößler et al., 2016:9).

### **3.4 COMPLEXITY AND TURBULENCE AS THEY AFFECT NOT-FOR-PROFIT ORGANISATIONS**

Global instability and turbulence are affecting all types of organisations (Charles et al., 2015:4; Sushil, 2015:113). However, not-for-profit organisations experience additional turmoil due to the volatility of the environment they operate in, and this may be seen as one of the biggest challenges they face (Lefroy & Tsarenko, 2014:1961; Verschuere, Beddeleem & Verlet, 2014:174). Singh and Bodhanya (2014:359) concur that these organisations have to contend with high concentrations of turbulence and are susceptible to the impact of numerous external factors such as politics, as well as environmental and economic factors.

Disruptive market environments often affect not-for-profit organisations to a greater extent than profit-making organisations, owing to their substantial reliance on outside or donor funding, which is most affected in difficult times (Lefroy & Tsarenko, 2014:1962). In addition to the external unpredictability and complexities, not-for-profit organisations also face various internal disruptions related to the political landscape and international operations, adding to the complexity of their environments (Bloodgood et al., 2014:718; Singh & Bodhanya, 2014:361; Walton et al., 2016:2771; Kaloudis, 2017:84).

The environmental complexity of not-for-profit organisations is further amplified by global volatility, such as natural (natural disasters) and synthetic (poverty) events that require not-for-profit organisations to deal with the subsequent economic, social and environmental implications (Viganó & Salustri, 2015:159; Kaloudis, 2017:88). The decline in funding, diversified donors, reduced government spending, as well as the increasing number of not-for-profit organisations competing for funding and beneficiaries further add to the multifaceted environment (Lefroy & Tsarenko, 2014:1960; Omura & Foster, 2014:258; Aschari-Lincoln & Jäger, 2016:613; Charles & Kim, 2016:867; De los Mozos, Duarte & Ruiz, 2016:2643; Langer & Le Roux,

2017:459; Laurett & Ferreira, 2018:1). Kaloudis (2017:90-91) argues that the factors contributing to the expansion in the number of not-for-profit organisations are governmental procedures, societal developments, economic factors and political affairs.

In addition to funding constraints, not-for-profit organisations are also contending with the growing demands of stakeholders to realise the aims they set out to achieve and produce societal value (Lefroy & Tsarenko, 2014:1959). The factors discussed above force not-for-profit organisations to re-evaluate their operations and improve their effectiveness and efficiency (Tucker & Parker, 2013:88; Lefroy & Tsarenko, 2014:1961), which subsequently raises reservations about these organisations and their ability to deliver on programmatic requirements as outlined in their various mandates and project descriptions (Epperly & Lee, 2015:174; Walton et al., 2016:2766). The dependency on donor funding raises scepticism about the authenticity of not-for-profit organisations, since they may align their objectives to those of their donors, instead of catering for the objectives of beneficiaries and adding to societal value (Lefroy & Tsarenko, 2014:1961; Verschuere et al., 2014:174).

As a result of the economic dynamics, not-for-profit organisations are forced to emulate their for-profit counterparts (AL-Tabbaa et al., 2014:664) and, given the growing uncertainty surrounding funding and increased competition, organisational strategy could be a useful option to minimise uncertainty (De los Mozos et al., 2016:2643). It may be argued that increased instability compels for-profit organisations to place an increased emphasis on being strategic (Lefroy & Tsarenko, 2014:1962). This is especially relevant as the sustainability of a not-for-profit organisation is dependent upon its strategic ability to manage intricate and varied demands and environments (Langer & Le Roux, 2017:459).

Africa is not immune to the instabilities experienced by not-for-profit organisations in the rest of the world, as the decline in foreign aid and increased governmental regulations affect the not-for-profit sector (Gumede, 2017:7). In Namibia, foreign aid has severely declined since the country was classified as an upper-middle income country in 2015 (Höhn, 2008:8; Robertson et al., 2013:13; Kößler et al., 2016:11; Du Pisani, 2017b:7). However, the country's high level of income inequality, which



is among the worst in the world, necessitates increased efforts to address social and development challenges (Republic of Namibia. MoHSS, 2014:9). Additional factors contributing to the complexities experienced include more stringent funding conditions as prescribed by their donors (Höhn, 2008:9; Du Pisani, 2017b:7), while criticisms include that the not-for-profit organisations in the country are weakening and that, historically, their accomplishments have been moderate (Kößler et al., 2016:4; Du Pisani, 2017d:15; 2017f:7).

Globally, more emphasis is being placed on the social responsibility of governments and citizens to address development issues such as health, climate change and democracy. The UN Sustainable Development Goals (SDGs) are a worldwide appeal for poverty eradication, environmental protection, and social harmony and economic upliftment for everyone (United Nations Development Programme (UNDP), 2015:3). The 17 SDGs are

... no poverty; zero hunger; good health and well-being; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice and strong institutions; and partnerships for the goals (UNDP, 2015:2).

Other international development bodies have similar initiatives, for example the World Bank community advancement initiatives promote the inclusion of the vulnerable and underprivileged through enablement, constructing unified and buoyant communities, and promoting access to institutions, while ensuring that such institutions act in a responsible manner (World Bank, 2017). The Organisation for Economic Cooperation and Development (OECD) addresses global public and welfare matters such as gender equality and development; labour markets; human capital; inequality and inclusivity; and the progression of development agendas (OECD, 2018). The World Economic Forum (WEF) initiatives include promoting viable business models and systems; reducing environmental impact; promoting corporate governance; ensuring the wellbeing and protection of employees; promoting accountable engagement procedures; and positive participation in societies (WEF, 2018).

In Namibia, an increased focus on social development has been observed with the introduction of several policies and government initiatives. The Republic of Namibia's fifth National Development Plan (NDP5) is based on four pillars, namely, economic development, societal change, environmental viability and good governance (Republic of Namibia. NPC, 2017:7), while the Harambee Prosperity Plan (HPP) is based on initiatives such as efficient control, fiscal progression, societal development and the governance of infrastructure expansion (Republic of Namibia. Office of the President, 2016:11). The National Equitable Economic Empowerment Bill promotes economic enablement through the advancement, application and scrutiny of the financial empowerment of formerly underprivileged people, and the formation of a fair society which is socially just (Republic of Namibia. NPC, 2015:12).

The global turbulence and the sector-specific challenges facing international not-for-profit organisations, along with their mission to address social matters with restricted funds (Lefroy & Tsarenko, 2014:1960; Omura & Foster, 2014:258; Aschari-Lincoln & Jäger, 2016:613) and their drive to become more strategic and sustainable, have exposed deficiencies in the strategic management of these organisations (Zajontz & Leysens, 2015:16). Similar challenges have also been observed in Namibia (Höhn, 2008:8; Kößler et al., 2016:11; Du Pisani, 2017b:7).

### **3.5 ECONOMIC CONTRIBUTION OF THE THIRD SECTOR**

The third sector operates on behalf of governments, that is, the public sector, but is independent from the private sector (De Corte & Verschuere, 2014: 1013). The number, size and reach of not-for-profit organisations and their contribution to the third sector are unmistakable (Pandey, 2013:61; Jones & Mucha, 2014:1470; Kaloudis, 2017:103) and should be acknowledged (Salamon et al., 2013:1; Chen, 2015:4). The OECD estimates that between 15 and 20% of total international development aid goes through not-for-profit organisations (Saqib, Khan, Michael, Haleem & Khalid, 2017:46). It is therefore important to reconsider the approaches to the accountability and sustainability of the not-for-profit sector (Jones & Mucha, 2014:1470).

During the mid-1990s, not-for-profit organisations in 35 countries accounted for a turnover of 1.3 trillion US dollars and employed 39.5 million full-time equivalent workers. In 2010, this trend remained evident, as not-for-profit organisations in 40 countries accounted for a total operating expenditure of 22 trillion US dollars (Weideman, 2012:22). A longitudinal study of 15 countries, including Australia, Belgium, Brazil, Canada, Czech Republic, France, Israel, Japan, Mexico, Mozambique, New Zealand, Norway, Portugal, Thailand and the USA, conducted over five years (2008–2013) concluded that the average contribution of not-for-profit organisations to the various countries' GDP amounted to 4.5% (Salamon et al., 2013:15). The same study established that an average of 7.4% of the total labour force worked for not-for-profit organisations (Salamon et al., 2013:13).

### **3.5.1 Economic contribution internationally and in Namibia**

Overall, the not-for-profit sector's contribution to GDP amounts to 8.5% and the sector employs over two million full-time workers (Chen, 2015:4). The not-for-profit sector in Belgium is one of the largest globally, contributing approximately 10% to the country's GDP and providing full-time employment for 359 000 workers (De Corte & Verschuere, 2014:1013). In Italy, this sector employs 3.4% of the total workforce and has demonstrated steady growth in times of economic crises (Viganó & Salustri, 2015:172). In Portugal in 2010, the sector accounted for 2.8% of GDP and 227 000 jobs, or about 5.5% of the total workforce (Mourão & Enes, 2017:822). A similar trend is observed in the Netherlands and Ireland, where this sector employs over 10% of the total workforce (Jones & Mucha, 2014:1470). The not-for-profit sector in Germany and Austria, meanwhile, provides between 10 and 15% of full-time equivalent jobs (Salamon & Toepler, 2015:2166).

Not-for-profit organisations in the USA account for a 6.9% contribution to the country's GDP and provide goods and services exceeding 779 billion US dollars annually (Jones & Mucha, 2014:147). The country has 10% of its full-time equivalent people, amounting to 8.9 million workers, working in this sector, which relates to 9% of total salaries paid (Jones & Mucha, 2014:1470; Chen, 2015:4). Approximately 1.44 million not-for-profit organisations were registered in the USA in 2011, and these organisations owned more than three trillion US dollars' worth of assets (Jones & Mucha, 2014:1470; Charles & Kim, 2016:864).

In Pakistan, 45 000 not-for-profit organisations were registered in 2002, providing employment for 264 000 full-time equivalent workers and 212 000 volunteers on a full-time basis (Saqib et al., 2017:45). In India, 3.3 million not-for-profit organisations were active in 2009 (Jones & Mucha, 2014:1470), while in 2012, Malawi received foreign aid amounting to 28% of the country's gross national income (GNI) (*The Economist*, 2016:63).

In Namibia, for the 2015/16 period, development funding contributed 2.1% to GDP (Republic of Namibia, NPC, 2014:1; Bank of Namibia, 2017a:18). This contribution was equivalent to the contributions of livestock farming or the transport industry for the same period (Republic of Namibia. NSA, 2015:18). The Business and Intellectual Property Authority (BIPA) is the regulatory authority for all company registrations in the country and, according to the information available, 1 723 not-for-profit organisations were registered and active in the country during 2018 (Tembo, 2018). The national labour force survey conducted by the NSA reported that, in 2014, employment in this sector amounted to 3 521 workers, that is, 0.7% of the total workforce (Republic of Namibia. NSA, 2015:59).

### **3.5.2 Sources of funding**

Not-for-profit organisations generally obtain funding for their operations from three sources, namely, the government, donors, and/or their own endeavours (De Corte & Verschuere, 2014:1014; Chen, 2015:4; Charles & Kim, 2016:864; Lecy & Thornton, 2016:1053; Saqib et al., 2017:46). Government subsidies are a vital source of revenue for not-for-profit organisations and could make up to half of their total budgets (De Corte & Verschuere, 2014:1014; Lecy & Thornton, 2016:1055). In countries such as Austria, Belgium, Germany and Ireland, government funding accounts for between 60 and 70% of the income of not-for-profit organisations (Salamon & Toepler, 2015:2166), while in the USA, state subsidies are the second largest income source for the not-for-profit sector (Lecy & Thornton, 2016:1053). The US government's financing (state subsidies) for US domestic not-for-profit organisations equalled 80% of total funding, or 431 billion US dollars, in 2012 (Lecy & Thornton, 2016:1054), while in 2013, private philanthropic contributions amounted to 335.17 billion US dollars (Charles & Kim, 2016:864). Of the government subsidies in the USA, 40% were new projects awarded, 36% were renewals, and 24% were

granted to organisations as revisions to existing awards (Lecy & Thornton, 2016:1054). Similarly, a study of 519 not-for-profit organisations in the USA found that 42% of these organisations were generating about 12% additional income from their own endeavours. Of these, 35% of the organisations were generating profits from their activities, 19% were at breakeven point and 35% needed additional funding to continue their operations (Saqib et al., 2017:46).

In Namibia, for the 2015/16 financial year, government subsidies for development amounted to 31.8 billion Namibian dollars, equalling 97.55% of the total development budget, while development funding from outside the state coffers represented 2.53%, or 825.2 million Namibian dollars (Republic of Namibia. NPC, 2014). In support of global development initiatives, several countries contribute to foreign aid for further development agendas, as mentioned in this chapter, section 3.5.1.

### **3.6 FOREIGN AID, HIV/AIDS AND HEALTH SECTOR EMPLOYMENT**

The significance of state subsidies for not-for-profit organisations is undisputed; however, foreign aid also makes a significant contribution to the income of such organisations (De Corte & Verschuere, 2014:1025-1026; Lecy & Thornton, 2016:1055). It is estimated that over 40% of all foreign aid is distributed via multilateral agencies such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (GATFM), the UN and the World Bank (*The Economist*, 2016:63). The total amount of foreign aid dispersed globally amounted to 140 billion US dollars in 2016, which is the highest it had ever been, with an increase of 9% from the previous year (Where does foreign aid go? 2016). This increase may be ascribed to six nations: Denmark, Germany, Luxembourg, Norway, Sweden and the United Kingdom (UK), which each donated approximately 1% of their GNI to foreign aid. China donated approximately 3.4 billion US dollars in 2015 (*The Economist*, 2016:63), while in the same period the USA contributed 0.17% of their gross national income, totalling 31 billion US dollars (*The Economist*, 2016:63).

Afghanistan, Ethiopia, India, Indonesia and Vietnam received the most foreign aid in 2016. In that year, Afghanistan received 3.8 billion US dollars, while China and India received 1.5 and 3.1 billion US dollars respectively (Where does foreign aid

go? 2016). The biggest recipients of funding from the USA were Israel, Afghanistan, Egypt, Jordan, Kenya, Nigeria, Pakistan, Tanzania, Uganda and Ukraine. The amount of foreign aid these countries received (in US dollars) was as follows: Israel 3.1 billion; Afghanistan 1.51 billion; Egypt 1.46 billion; Jordan 1 billion; Kenya 630.3 million; Nigeria 607.5 million; Pakistan 803.8 million; Tanzania 590.6 million; Uganda 469.1 million, and Ukraine 513.5 million (McCarthy, 2016:1).

Critics of foreign aid claim that it is uncoordinated and often aimed at tactically significant countries for donors (*The Economist*, 2016:63). It is also noted that the amount of foreign aid per programme declined from an average of 5.3 million US dollars in 2009 to 1.9 million US dollars in 2013, and such dilutions place significant strain on those developing countries that depend on foreign aid, as it relieves their administrative and financial burdens (*The Economist*, 2016:63).

### **3.6.1 HIV/AIDS in Africa**

PEPFAR has a particular focus in 12 sub-Saharan African (SSA) countries, including Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda and Zambia (Chin et al., 2015:151; Lee & Izama, 2015:282). These SSA countries are the most affected by HIV and AIDS, accounting for about 66% of HIV infections and 75% of HIV-related deaths worldwide (Chin et al., 2015:151). The PEPFAR foreign aid initiative is classified globally as one of the biggest bilateral programmes (Chin et al., 2015:151; Lee & Izama, 2015:282). This programme focuses on epidemic control and realising an AIDS-free generation (PEPFAR, 2014:8).

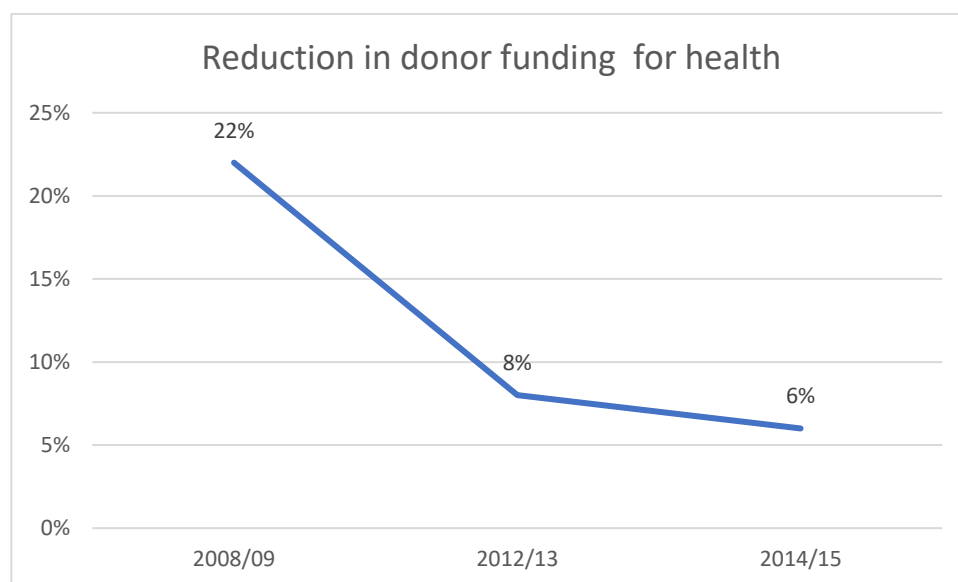
The PEPFAR programme centres on the sustainable control of the HIV and AIDS epidemic, aiming particularly to reach the Joint United Nations Programme on HIV/AIDS (UNAIDS) 90-90-90 goals. The 90-90-90 goals' aim is to have 90% of people who have HIV being diagnosed; 90% of those diagnosed being on antiretroviral treatment (ART); and 90% of those on ART having the HIV virus suppressed by 2020 (PEPFAR, 2014:6). PEPFAR plans to reach these goals by focusing on five actions, namely, impact, efficiency, sustainability, partnership and human rights (PEPFAR, 2014:7). Since the inception of the HIV programme initiative (in 2004) up to 2017, PEPFAR has spent 72.7 million US dollars and

achieved the following milestones: 11.5 million people were on ART, more than 11.5 million pregnant women had been tested for HIV, voluntary medical male circumcision (VMMC) had been provided for 11.7 million men, care and support had been provided for 6.3 million orphans and vulnerable children (OVC), HIV testing and counselling had been given to more than 74.3 million people, training had been provided for 220 000 new healthcare workers, and nearly two million babies were born HIV free (PEPFAR, 2017:1).

In Namibia, PEPFAR funded 4.3% of Namibia's developmental budget with outside the state revenue in 2015/16 and funding was mainly allocated to not-for-profit organisations (PEPFAR, 2015:17). In addition, in 2012/13 PEPFAR funded 51% of the total health expenditure on HIV/AIDS in Namibia (Republic of Namibia. MoHSS, 2015b:21). However, PEPFAR funding decreased for the 2014/15 reporting period to 47% of total health expenditure on HIV/AIDS (Republic of Namibia. MoHSS, 2017:15). A study on the total health expenditure in Namibia found that total spending on health equalled 6.8% of GDP in 2010 (Strengthening Health Outcomes through the Private Sector (SHOPS) Project, 2015:1), with spending on HIV amounting to 13% of the country's total spending on health (Health Policy Project, 2016:2). PEPFAR, through its interagency partner, the United States Agency for International Development (USAID), donated 31 million US dollars to Namibia in November 2017. This donation increased the total value of PEPFAR funding granted to the country to 293 million US dollars since the start of the PEPFAR initiative in 2007 (US Embassy in Namibia, 2017).

Since Namibia's classification as an upper-middle income country (Robertson et al., 2013:13), the total donor funding received, including PEPFAR funding, has declined by 33% (Robertson et al., 2013:7 & 27). Donor funding for health declined from 22% in 2008/9 to 8% in 2012/13, with a further decline to 6% in 2014/15 (Republic of Namibia. MoHSS, 2015a:9; 2017:5). Additionally, of the total spending on health, not-for-profit organisations managed 9% in 2008/09, 6% in 2012/13 and 3% in 2014/15 (Republic of Namibia. MoHSS, 2017:5), as depicted in Figure 3.1. This reduction should be seen relative to the fact that of the 1 723 not-for-profit organisations active in Namibia, 45% operate in the health sector, making them the largest cluster in the not-for-profit sector in the country (Kößler et al., 2016:8;

Tembo, 2018). Considering the number of not-for-profit organisations in the health sector, the reduction in donor funding and the economic impact of the third sector, the sustainability of these organisations is of crucial importance; not only for social development but also for the economic sustainability of the country.



**Figure 3.1:** Reduction in donor funding for health  
Source: Republic of Namibia. MoHSS, (2015a:9; 2017:5)

In 2013, in SSA, 24.7 million people were living with HIV, of which 58% were women. For the same period, there were 1.5 million new infections and 1.1 million HIV-related deaths. The new infections in the region amounted to 70% of all new HIV infections in the world. Despite this, only 37% of people have access to ART, which suggests a large number of underserved populations in the region (Joint United Nations Programme on HIV/AIDS (UNAIDS), 2014:2).

In Namibia, the National HIV Sentinel Survey conducted in 2014 estimated that HIV prevalence in the country was 16.9%, with a similar trend for prevalence in pregnant women. An estimated 90% of people living with HIV are on ART (Republic of Namibia. MoHSS, 2015b:44).

### 3.6.2 Health sector employment

The UN High-level Commission on Health Employment and Economic Growth, consisting of representatives from the International Labour Organisation (ILO), the OECD and the World Health Organisation (WHO), investigated the contribution of



health workers to economic development. This report identified the health and social sector as an important economic contributor to, and key player in, facilitating job creation (WHO, 2016:6). It is estimated that, globally, the size of the health and social sector is 5.8 trillion US dollars per annum (WHO, 2016:23). In OECD countries, between 2000 and 2014, employment growth in this sector was 48%, despite the global economic crisis, whilst employment in sectors such as agriculture declined in the corresponding period (WHO, 2016:23). It is estimated that employment in the health and social sector is approximately 11% for OECD countries, indicating an increase of around 9% from 2000 (WHO, 2016:23). In addition, it is expected that the demand for health workers will increase, resulting in 40 million new jobs by 2030 (WHO, 2016:24).

The UN High-level Commission on Health Employment and Economic Growth further asserted that 25% of economic growth in low and middle-income countries stemmed from the benefits of growth in health, and that investment in health has a return of 9 to 1. In other words, every 1 US dollar spent in the health and social sector directly and indirectly adds 0.77 US dollars to the economy (WHO, 2016:20). The GDP per capita increases by approximately 4% for each additional year of life expectancy (WHO, 2016:9 &10).

Globally, 43.5 million workers are providing direct health care, while it is estimated that over 200 million workers added value in the sector in 2013 (WHO, 2016:23). In OECD countries, this number was estimated to be 58.5 million workers in 2013 (WHO, 2016:23). Furthermore, in 123 countries, it is estimated that women represent 67% of the workforce in the health and social sector, as opposed to 41% of the total workforce (WHO, 2016:25). Similar trends can be seen for investment in health and social education, where an extra 2% of GDP invested in education in this sector could result in stimulating employment creation from 2.4 to 6.1 percentage points (WHO, 2016:25). Jobs created by this investment will be occupied primarily by women, representing 59 to 70% of the total workforce and resulting in increased female employment of between 3.3 and 8.2% (WHO, 2016:25).

From the arguments above, it is clear that foreign aid contributes a substantial amount to countries' economies. However, foreign aid has been showing a declining trend – specifically for not-for-profit organisations. Further, targeted foreign aid for

HIV and AIDS has had a tremendous impact on combatting this epidemic, but more of these efforts are required in SSA where the disease burden is the highest. Furthermore, the investment in health required to manage such epidemics, and health in general, will have a multiplier effect on economic growth, employment creation and gender equity.

### **3.7 STRENGTHS, CHALLENGES AND BENEFITS OF NOT-FOR-PROFIT ORGANISATIONS**

The next section centres on the strengths and challenges of not-for-profit organisations and will expand on the benefits of these organisations.

#### **3.7.1 Strengths of not-for-profit organisations**

Not-for-profit organisations find themselves in a unique position, filling the gap between government reach and private sector willingness (Salamon & Toepler, 2015:2160). In this position, the strengths of not-for-profit organisations include a substantial amount of tractability, which allows them to be easily established but just as easily to be wound up (Salamon & Toepler, 2015:2168). This flexibility, along with their size, allows such organisations to be adaptable and responsive to the needs of their stakeholders (Salamon & Toepler, 2015:2165; Langer & Le Roux, 2017:458). The composition of not-for-profit organisations allows them to be nimble responders that start operations in a particular field before the local government is able to respond. Similarly, their structures allow them to have a presence in rural and hardship areas where government may experience staff retention challenges (Salamon & Toepler, 2015:2164). Not-for-profit organisations' community approach to problem-solving enables them to have a more comprehensive approach than government. Since they are closer to the communities they serve, they often have a better understanding of the problems experienced and are able to address these problems more appropriately and cost-effectively (Omura & Foster, 2014:256; Mourão & Enes, 2017:824). Their proximity to the needs of communities allows not-for-profit organisations to obtain knowledge on how programmes can be improved for greater impact and to tailor their approaches to a greater degree, thus encouraging essential societal principles and civil action (Banks et al., 2015:709; Salamon & Toepler, 2015:2172). Their altruistic and charitable nature further allows

them to access donor funding and volunteer services, which may strengthen government efforts (Salamon & Toepler, 2015:2164).

Not-for-profit organisations are seen to be bridging the divide between government and the private sector because they are often able to build and leverage on partnerships from both sides (Zatepilina-Monacell, 2015:232). It may be argued that the development of civil society may expand the justice of global governance, which is evident in the consultative participation of this sector in the World Trade Organisation (WTO) (Pandey, 2013:61; Kaloudis, 2017:103). The trend of including civil society in global forums increases pressure on for-profit organisations to review their conventional corporate social responsibility initiatives and their efforts to be more inclusive and aligned to global initiatives, such as the sustainable development agenda (AL-Tabbaa et al., 2014:671). Furthermore, it is argued that by leveraging on these strengths, not-for-profit organisations may improve their sustainability (AL-Tabbaa et al., 2014:674).

### **3.7.2 Challenges faced by not-for-profit organisations**

The myriad of challenges faced by not-for-profit organisations seems to outweigh their strengths. They are finding it increasingly difficult to adapt to environmental turbulence such as technological advancements, recessions and changing social agendas (Verschuere et al., 2014:174; Banks et al., 2015:708; Aschari-Lincoln & Jäger, 2016:613). In addition, the increased competition in the sector, which is due to the number and size of organisations, also denotes major challenges for organisations in this sector (Weideman, 2012:35; Holtzhausen, 2013:1; Garrow & Hasenfeld, 2014:84; Zajontz & Leysens, 2015:9; Maier et al., 2016:72; Prentice, 2016:895; Kaloudis, 2017:103; Laurett & Ferreira, 2018:1). The challenges faced by the sector are exacerbated by the global economic recession, the decline in donor funding, and the smaller number of donors who are able to provide aid (Holtzhausen, 2013:1). Increased competition is not only being experienced by funders but also by beneficiaries (Tucker & Parker, 2013:19; Zatepilina-Monacell, 2015:217; Maier et al., 2016:72). However, the increased competition for donor funding has resulted in not-for-profit organisations being more accountable to their donors than to their beneficiaries (Lee & Izama, 2015:281; Aschari-Lincoln & Jäger, 2016:613). Since donors' award funding based on programmes and programmatic

deliverables, their agendas are often considered to be more important and are therefore pursued (Holtzhausen, 2013:2; AL-Tabbaa et al., 2014:668; Banks et al., 2015:710; Lee & Izama, 2015:281; Walton et al., 2016:2776; Kaloudis, 2017:107).

Apart from donors, stakeholder interaction and relationship management also affect the success of not-for-profit organisations (Tucker & Parker, 2013:19; Singh & Bodhanya, 2014:359). Stakeholder interaction, specifically, affects the legitimacy of such organisations, as they are sometimes required to facilitate societal purposes as a vehicle for allowing them to achieve their goals (Walton et al., 2016:2777). Stakeholder representation is another factor which drives success for not-for-profit organisations (Kaloudis, 2017:106). Another challenge is the misalignment of the programmes of various not-for-profit organisations, which results in fragile local assistance systems (Salamon & Toepler, 2015:2163; Walton et al., 2016:2764; Kaloudis, 2017:107; Laurett & Ferreira, 2018:1). A further factor driving the success of not-for-profit organisations is programmatic impact. When specific programmes overlap, it may affect the delivery of services and result in a loss of integrity for donors and weakened programme impact (Zatepilina-Monacell, 2015:217; Walton et al., 2016:2777; Kaloudis, 2017:106). Kaloudis (2017:8) notes that in instances where not-for-profit organisations are accountable to multiple donors, their ability to deliver on their mission and provide effective services is affected owing to the multiplicity of their mandates and the various programmes they may implement.

Donors also have a greater focus on achieving programmatic and financial performance, such as spending rates as opposed to social impact (Lefroy & Tsarenko, 2014:1960; Leipnitz, 2014:165; Banks et al., 2015:708; Lee & Izama, 2015:283; Charles & Kim, 2016:867; Laurett & Ferreira, 2018:2). Programmatic impact is further limited by organisational issues such as a focus on technical capacity, rather than managerial capacity (Bish & Becker, 2016:643; Maier et al., 2016:77; Mourão & Enes, 2017:822). Such not-for-profit organisations thus lack the leadership, marketing and operations management skills and business acumen required to become more sustainable (Omura & Foster, 2014:259; Banks et al., 2015:708; Salamon & Toepler, 2015:2173; Aschari-Lincoln & Jäger, 2016:613; Chenhall et al., 2016:671; Walton et al., 2016:2780; Despard, 2017:609).

However, even with all these challenges, not-for-profit organisations' biggest challenge remains the availability of funding and related financial requirements. Some authors agree that financial viability remains the most crucial aspect of sustainability (AL-Tabbaa et al., 2014:659; Garrow & Hasenfkd, 2014:83; Omura & Foster, 2014:257; Singh & Bodhanya, 2014:358; Salamon & Toepler, 2015:2173; Zatepilina-Monacell, 2015:217; Charles & Kim, 2016:865; Chenhall et al., 2016:672; De los Mozos et al., 2016:2643; Prentice, 2016:895; Despard, 2017:608; Kaloudis, 2017:102; Laurett & Ferreira, 2018:2; Mourão & Enes, 2017:821). Addressing funding concerns comes with its own challenges, such as stringent evaluations and special procedures for how finances are accounted for; limited cash flow; diversified funding sources resulting in more reporting intricacy and higher operating costs; the negative effect of government subsidies on acquiring additional funding; and the impact of income unpredictability on a not-for-profit organisation's financial wellbeing (Chen, 2015:4; Charles & Kim, 2016:867; De los Mozos et al., 2016:2643; Prentice, 2016:890).

While literature on the Namibian context is limited, not-for-profit organisations in the country have similar challenges, including the following (Höhn, 2008:6-9):

- the state is becoming a powerful competitor for funding
- donors are extending funding for shorter periods
- there is an inability among the organisations to compete for qualified talent
- poor job security
- below market remuneration
- shifting donor expectations and more rigorous conditions
- declining funding, and
- organisations' incapacity to operate in a sustainable manner.

The reduction in the number of organisations in the third sector, increased regulation, weakened impact and moderate accomplishments are some of the challenges faced by Namibian not-for-profit organisations (Kößler et al., 2016:4; Du Pisani, 2017d:15; 2017e:7; 2017f:7). The next section focuses on the sustainability of not-for-profit organisations and how strategic management may help these organisations become more sustainable.

### **3.8 SUSTAINABILITY AND STRATEGIC MANAGEMENT IN THE NOT-FOR-PROFIT SECTOR**

The variable and unpredictable global environments affecting organisations have an even greater impact on not-for-profit organisations (Lefroy & Tsarenko, 2014:1961; Singh & Bodhanya, 2014:359; Verschuere et al., 2014:174; Charles et al., 2015:4), while the interactions between different elements may also influence their sustainability (Bloodgood et al., 2014:718; Singh & Bodhanya, 2014:359; Walton et al., 2016:2771; Kaloudis, 2017:84). Turbulence, the disruptive economic environment, regulations and a decline in funding have resulted in not-for-profit organisations looking to business practices in order to remain viable (Nieboer, 2011:272; Witmer & Mellinger, 2016:255), as they are unable to fulfil their mission and act responsibly if they are not financially sustainable and effective (AL-Tabbaa et al., 2014:664; Singh & Bodhanya, 2014:350; Iwu et al., 2015:9562). Similarly, like their for-profit counterparts, not-for-profit organisations have to consider strategic approaches and practices in order to be sustainable (Nieboer, 2011:272; Singh & Bodhanya, 2014:359; Aschari-Lincoln & Jäger, 2016:613; De los Mozos et al., 2016:2643).

#### **3.8.1 Sustainability**

As sustainability in not-for-profit organisations is crucial, it is important to consider what sustainability is. Witmer and Mellinger (2016:256) describe sustainability (organisational buoyancy) as the capacity to adjust to both external and internal disruptions, while maintaining systemic integrity when reforming, increasing capacity, and building innovation and learning exchanges. In simple terms, sustainability in not-for-profit organisations relates to the continuation of service delivery to the populations they serve (Omura & Foster, 2014:258). This ability of the organisation to endure in order to fulfil its social mission includes the obligation to meet the needs and expectations of the communities, funders and other stakeholders (Singh & Bodhanya, 2014:350). Endurance infers positive interactions with the environment, the economy and society as a whole (Iwu et al., 2015:9562).

Apart from the obvious benefits of being sustainable, such as continued operations and cash flow, not-for-profits may also experience additional benefits. Similar to for-

profit organisations, not-for-profit organisations may realise greater financial returns and improved efficiencies as a result of becoming more sustainable (Klapper & Beinker, 2017:1; Baumgartner & Rauter, 2017:86). Sustainability may include benefits such as the ability to reveal ineptitudes, disparities and waste (Jones & Mucha, 2014:1472). It is further argued that by addressing these inefficiencies, organisations are able to cut expenses, advance worker engagement, build employee capacity in terms of expertise and knowledge, and expand services to their beneficiaries and the community (AL-Tabbaa et al., 2014:659; Jones & Mucha, 2014:1472). The snowball effect of sustainability leads to reinforcing the organisation's public status and brand, which provides a basis for gaining more donors and awards with a higher monetary value (Holtzhausen, 2013:1; Jones & Mucha, 2014:1472).

### **3.8.2 Criteria for sustainability**

Sustainability is often measured in financial terms, but there is a need to consider non-financial metrics for sustainability (Singh & Bodhanya, 2014:358; Chen, 2015:4; Iwu et al., 2015:9562; Charles & Kim, 2016:695; De los Mozos et al., 2016:2643). Not-for-profit organisations require both finances and internal and external capabilities. Internal capabilities may include human resources, an innovative culture, efficiency gains, financial management, adaptability and leadership. External capacity, on the other hand, relates to funding, stakeholders and competitors (Verschuere et al., 2014:177; Zajontz & Leysens, 2015:16; Qu & Osili, 2016:5; Langer & Le Roux, 2017:458). The USAID has developed a civil society sustainability index with seven key indicators that are used to evaluate the sustainability of such organisations. These indicators comprise legal setting, fiscal feasibility, civic perception, not-for-profit foundation, activism, organisational capability and service delivery (Epperly & Lee, 2015:175). The first of these, the legal and regulatory environment, supports the existence and operation of not-for-profit organisations and is an indicator of how likely it is that such organisations will remain sustainable. Subsequently, fiscal feasibility is a measure that looks at corruption as well as operational overheads, as an increase in these factors may impede fiscal functioning (Epperly & Lee, 2015:178). Other activity measures such as civic perception, a not-for-profit basis for existence, activism, organisational

capability and service delivery are internal indicators of the competence and efficacy of not-for-profit organisations' sustainability (Epperly & Lee, 2015:180).

In 2016 the USAID Civil Society Sustainability Index evaluated 31 countries on their sustainability, including Angola, Benin, Botswana, Burkina Faso, Burundi, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia and Zimbabwe (USAID, 2016:vi). In the evaluation, Namibia ranked 7th, or 4.2 on a scale of one to seven, mainly due to the country's democratic approach, stable political environment and progress in poverty reduction (USAID, 2016:157).

According to Iwu et al. (2015:9560), not-for-profit organisations are seen to be effective when they can manage projects at cost recovery (Iwu et al., 2015:9560). Criteria used to measure not-for-profit organisation effectiveness are innovation, creativity, capacity and the skills mix of the board of directors, talent management, beneficiary satisfaction, operational and service excellence, and financial acumen and accuracy (Iwu et al., 2015:9568). Operational excellence is further expanded to include cost reduction, organisational learning and adaptability (Verschuere et al., 2014:177; Witmer & Mellinger, 2016:255; Mourão & Enes, 2017:825).

The need for sustainability prompts not-for-profit organisations to be more strategic. The increased complexity and changes in their environment necessitate that various factors need to be considered to achieve and maintain their competitive advantage (Lefroy & Tsarenko, 2014:1960; Singh & Bodhanya, 2014:361; Qu & Osili, 2016:16 Laurett & Ferreira, 2018:8). To achieve this objective of competitive advantage, be viable and to facilitate their sustainability, not-for-profit organisations rely more on corporate approaches and techniques and management principles, such as being strategic (Tucker & Parker, 2013:101; AL-Tabbaa et al., 2014:662; Verschuere et al., 2014:175; Witmer & Mellinger, 2016:264; Laurett & Ferreira, 2018:3). The ability to be strategic may be hampered in small not-for-profit organisations, in older organisations, and by certain management approaches owing to management capability and the organisational culture (Qu & Osili, 2016:5; Laurett & Ferreira, 2018:8). In addition, not-for-profit organisations may be reluctant to assess their



strategic management process and may only evaluate their programmatic progress because it is a donor requirement (Tucker & Parker, 2013:90; Arvidson & Lyon, 2014:871; Jones & Mucha, 2014:1467; Iwu et al., 2015:9570).

### **3.8.3 Strategic management**

Research by the Institute for Scientific Information (ISI) revealed that only 258 articles on strategic management and not-for-profit organisations were published between 1981 and 2016 (Laurett & Ferreira, 2018:1). Further, after refining the terms to include “strategic management” and “not-for-profit organisations”, only 62 articles remained (Laurett & Ferreira, 2018:4). For the period 1980 to 1990, only ten articles discussing strategic management in not-for-profit organisations were published (Laurett & Ferreira, 2018:6), with 12 articles being published during the period 1990 to 2000 (Laurett & Ferreira, 2018:8) and 15 during the period 2000 to 2010 (Laurett & Ferreira, 2018:9). The most articles on this topic were published between 2010 and 2016, when 25 in total were produced (Laurett & Ferreira, 2018:11-12).

Research relating to strategy in not-for-profit organisations in the 1980s focused mainly on establishing the academic fundamentals of strategic management and the economic positioning of not-for-profit organisations. In addition, during this era approaches used to introduce strategic management principles were investigated, especially in not-for-profit organisations in the healthcare sector of the USA. The period between 1990 and 2000 delivered more research on the health sector, again with most literature based on American organisations. This may be as a result of a lack of available data in such organisations in other parts of the world. The research focus remained academic with an emphasis on making and implementing strategic decisions. Emerging trends in the research included examining strategic types and classifications, monitoring and evaluation metrics, and generating funding (Laurett & Ferreira, 2018:12).

The new millennium shifted the focus from a theoretical background to strategic applications and procedures (Laurett & Ferreira, 2018:12). For the decade 2000 to 2010, of the 15 articles that were published, 12 had either a qualitative or a quantitative approach, and only three had a theoretical approach (Laurett &

Ferreira, 2018:12). Again, for this period, 67% of the articles were about organisations based in the USA, with the focus being on strategic positioning, alliances, innovation and differentiation (Laurett & Ferreira, 2018:12). Another focus area was the significance of reporting and evaluation. While the research covered a wider topographical area than previous years, most studies were still on US-based organisations (Laurett & Ferreira, 2018:13). The themes during this period continued to expand on strategy deployment, placement, coalitions, improvement and variation. Additional research included areas such as strategic communication, human resource management, stakeholder management, programme impact and adoption of the management approaches of for-profit organisations (Laurett & Ferreira, 2018:14). From their systematic review, Laurett and Ferreira (2018:14 & 15) concluded that for the period 1980 to 2016, only 13 empirical and practical (not a theoretical approach) articles were published that focused on strategic management and not-for-profit organisations.

As with for-profit organisations, therefore, it is important for not-for-profit organisations to identify the aspects in strategic management that need to be addressed to enable them to position themselves sustainably.

### **3.9 STRATEGIC MANAGEMENT AND ITS IMPACT ON SUSTAINABILITY**

There is increasing discord between current global issues and the internal capacities of not-for-profit organisations to deal with global and internal challenges, which has reached a critical mass when considering the current global economic, social and political situation (Walton et al., 2016:2766). If the sustainability of not-for-profit organisations were to be gauged according to both financial and non-financial indicators, it would reveal an emerging number of challenges that are beyond the abilities of not-for-profit organisations to address (Chen, 2015:2; Iwu et al., 2015:9562; Mourão & Enes, 2017:825).

The benchmarks for sustainability include talent management, operational excellence, improvement, financial reliability, optimal utilisation of assets and stakeholder collaborations (Iwu et al., 2015:9562). The benchmarks for sustainability could also be classified in line with the triple bottom line that for-profit

organisations ascribe to (Jones & Mucha, 2014:1467; Tu, 2015:30; Avelino & Wittmayer, 2016: 629; Satar et al., 2016:127).

The triple bottom line in not-for-profit organisations is a critical success factor and assist in the channelling of vital resources such as human capital and finances towards achieving the organisation's social objectives and thus promote organisational sustainability (Satar et al., 2016:127). The triple bottom line, which consists of the social, programme and financial aspects in the third sector, relates to the fact that such organisations aim to improve a community's circumstances with little impact on the environment, whilst benefiting the less fortunate. Not-for-profit organisations do this by providing sustainable facilities, goods and services (Gauthier, 2017:83).

The strategic perspective on achieving sustainability in not-for-profit organisations is similar to that of profit-making organisations, as argued in Chapter 2 (section 2.8) (Shields & Shelleman, 2015:59; Engert & Baumgartner, 2016:823; Engert et al., 2016:2864; Rauter et al., 2017:151). Similar to for-profit organisations, Mourão and Enes (2017:823) argue that the sustainability perception of not-for-profit organisations includes "people, profits and planet". Satar et al. (2016:123) added to this thinking by outlining critical success factors necessary to achieve organisational sustainability in not-for-profit organisations.

However, the fundamental issue remains that sustainability in not-for-profit organisations is about remaining viable and delivering on their obligations to stakeholders. Mourão and Enes (2017:823) equated the triple bottom line for not-for-profit organisations "triangular sustainability". The three constructs of triangular sustainability include the institutional dimension, agents' dimension and financial dimension (Mourão & Enes, 2017:823-824).

Similar to the arguments presented by Ebbesen and Hope (2013:5), Mourão and Enes (2017:823) have adapted the notion of the triple bottom line to suit the not-for-profit sector. For the purposes of this study, the notion of triangular sustainability has been adapted by the researcher to become financial, programme and people constructs (Chapter 1, section 1.6.3).

The financial construct of triangular sustainability pertains to cost reduction, improvement of efficiencies and increasing revenues of not-for profit organisations (Mourão & Enes, 2017:824). Linking this aspect to the financial dimension relevant to this study was obvious. Financial viability includes considerations such as income generation and cost reduction (Chapter 2, section 2.8) (Kandaiya & Chavan, 2017:22; Staszewska, 2017:394; Maboya & McKay, 2019:2). For the purposes of this study, the financial dimension will be termed the “financial construct”.

The institutional dimension relates to two aspects; firstly, in supporting similar not-for-profit organisations in terms of sharing of resources; and secondly, in terms of delivering superior programmes (Mourão & Enes, 2017:824). Relating the institutional dimension to the programme construct is similar in that this construct requires that to achieve organisational sustainability, the exploits of the organisation should be such that they implement programmes to an outstanding level that the impact thereof is undeniable (Tu, 2015:30; Satar et al., 2016:116; Walton, et al., 2016:2771). For the purposes of this study, the institutional dimension will be termed the “programme construct”.

The aspect that pertains to the “agents’ sustainability”, entails the replenishment of boards, management, workers, volunteers and associates (Mourão & Enes, 2017:824). The similarities between the agents’ dimension is easily demonstrated in that human capital is needed to ensure programme implementation and as a result success for the organisation (Chapter, 2, section 2.8), which in turn, will lead to more funding (Ferreira & Proença, 2015:5; Tu, 2015:30; Maboya & McKay, 2019:5; Buonomo, Benevene, Barbieri & Cortini, 2020:6). This was to be the “people construct” for the purposes of this study.

These three constructs cover a classification of areas in strategic management which hamper the sustainability of not-for-profit organisations. The use of strategic approaches in for-profit businesses in order to become sustainable has been addressed in the previous chapter (Chapter 2, section 2.8). Here it was argued that for-profit organisations need to focus on the triple bottom line (financial, environmental and social components) to remain sustainable. These arguments have subsequently been extended to relate to not-for-profit organisations and are

presented in three constructs, namely, financial, programme and people, and are discussed below.

### **3.9.1 Financial construct**

The financial construct pertains to the funding needed by not-for-profit organisations to fulfil their missions and remain viable over time. It is generally accepted that if an organisation does not have funding, it will not be able to continue operations and will cease to exist. Therefore, to ensure the availability of funding, organisations must employ strategic management principles (Singh & Bodhanya, 2014:351). Challenges for not-for-profit organisations identified under this construct are

- the increasingly turbulent global environment (Verschuere et al., 2014:174; Banks et al., 2015:708; Aschari-Lincoln & Jäger, 2016:613; Laurett & Ferreira, 2018:2)
- competition for the same donor funding and beneficiaries (AL-Tabbaa et al., 2014:663; Garrow & Hasenfeld, 2014:81; Omura & Foster, 2014:257; Zajontz & Leysens, 2015:9; Zatepilina-Monacell, 2015:217; Maier et al., 2016:77)
- a reduction in funding; and limited resources (Robertson et al., 2013:27; AL-Tabbaa et al., 2014:659; Zajontz & Leysens, 2015:10; Laurett & Ferreira, 2018:2).

Not-for-profit organisations with larger budgets are more likely to be viable and have greater tractability in choosing donors whose aims are aligned to their missions (Singh & Bodhanya, 2014:351; De los Mozos et al., 2016:2645). Budget size, variety of donors, multiple funding streams and diversified programmes all contribute to stabilising not-for-profit organisations and thus they become more sustainable over time (De los Mozos et al., 2016:2645). In addition, a wide range of donors, particularly government in the form of subsidies, may also contribute to income stability (De los Mozos et al., 2016:2647; Prentice, 2016:889).

Like for-profit organisations, not-for-profit organisations should apply commercial and professional procedures to amplify the financial resources at their disposal, as potential donors employ financial metrics to obtain an indication of organisational health, efficiency and compliance (Chen, 2015:3; De los Mozos et al., 2016:2644).

Financial indicators may also be useful in evaluating the performance of an expanded range of donors and programmes to allow organisations to make better financial decisions (Iwu et al., 2015:9564; De los Mozos et al., 2016:2644; Prentice, 2016:889). In not-for-profit organisations, economic fragility could indicate bankruptcy and may be gauged by a steady or acute reduction in income, net assets and operational expenditure. A 20% decline in total net assets over a period of three years could be interpreted as financial instability (Prentice, 2016:891). Similarly, a 25% reduction in programme expenditure within 12 months could also indicate a sustainability risk (Prentice, 2016:891).

Financial measures that may be used by not-for-profit organisations to gauge sustainability include accounting, liquidity and revenue ratios (Prentice, 2016:895). Accounting ratios to consider include total net assets divided by total revenue, and total net assets divided by total assets. In this case, total net assets are the value of total assets less total liabilities. Financial vulnerability has a negative relationship with these ratios (Prentice, 2016:896). Other accounting measures include net income (total revenue less total expenditure, interest, depreciation and taxes), and net income divided by total assets. As with the previous two measures (total net assets and net income), these also have a negative relationship with commercial susceptibility (Prentice, 2016:897).

Liquidity ratios, such as working capital divided by total assets and months of spending, are also valuable indicators of financial vulnerability. Working capital in this instance is calculated by adding current assets and restricted net assets plus current liabilities. Months of spending indicates the number of months an organisation would be able to remain operational without any current income. Mark-up refers to an annual surplus as a percentage of operational expenditure, which is also an indicator of viability without current income. As these ratios decrease, economic exposure will increase (Prentice, 2016:897). Lastly, revenue diversification is measured as revenue generated by business activities as a percentage of total revenue. This indicator is also inversely related to financial exposure (Prentice, 2016:898).

### 3.9.2 Programme construct

The programme construct relates to the central services offered by the not-for-profit organisation based on its mission (Holtzhausen, 2013:1; Singh & Bodhanya, 2014:352). Sustainability aspects include

- the multidimensionality and interconnectedness of the third sector (Holtzhausen, 2013:1; Lefroy & Tsarenko, 2014:1959; Singh & Bodhanya, 2014:352; Walton et al., 2016:2766; Kaloudis, 2017:84)
- donor influence and competing priorities (Weideman, 2012:37; Holtzhausen, 2013:2; AL-Tabbaa et al., 2014:668; Lee & Izama, 2015:283; Kaloudis, 2017:106)
- organisational accountability and programmatic impact (Lee & Izama, 2015:281; Salamon & Toepler, 2015:2163; Zatepilina-Monacell, 2015:217; Charles & Kim, 2016:867; Walton et al., 2016:2780; Despard, 2017:608; Kaloudis, 2017:103).

Other oversights or aspects in the programme construct include the fact that not-for-profit organisations are more accountable to their donors than to their beneficiaries (Leipnitz, 2014:165; Chen, 2015:4; Lee & Izama, 2015:281; Walton et al., 2016:2777; Kaloudis, 2017:107; Laurett & Ferreira, 2018:3). Similarly, these organisations tend to focus on spending rates at the cost of efficiency (Arvidson & Lyon, 2014:871; Garrow & Hasenfeld, 2014:83; Lefroy & Tsarenko, 2014:1960; Charles & Kim, 2016:865; Despard, 2017:609).

In bridging these aspects, not-for-profit organisations need to consult with the communities in which they operate and to examine similar activities carried out by other organisations in conjunction with the beneficiaries' requirements. This is to ensure that these aspects are aligned while also duly considering donor requirements (AL-Tabbaa et al., 2014:662; Qu & Osili, 2016:21; Kaloudis, 2017:104). When the interests of donors, beneficiaries and not-for-profit organisations are aligned, it results in improved performance (Charles & Kim, 2016:879). Furthermore, improved performance ensures funder satisfaction, which in turn promotes the chances of obtaining additional funding – even to the extent

that when financial evaluation is not favourable, but the programmatic evaluation is, it may still result in additional funding (Leipnitz, 2014:174; Chen, 2015:6; Charles & Kim, 2016:879).

### **3.9.3 People construct**

The people aspect includes the capacity requirements, leadership skills, business acumen and strategies for not-for-profit organisations to prepare for and remain sustainable (Pandey, 2013:61; Banks et al., 2015:708; Salamon & Toepler, 2015:2173; Walton et al., 2016:2780; Mourão & Enes, 2017:822). Strategic management aspects identified in terms of this construct are the following:

- Organisations focus on technical capacity rather than on leadership and managerial capacity (Bish & Becker, 2016:443; Chenhall et al., 2016:671; Maier et al., 2016:72; Walton et al., 2016:2764; Despard, 2017:608; Mourão & Enes, 2017:822).
- Other challenges include insufficient focus on managing the talent pipeline and attracting and retaining talented employees, as well as below-average remuneration structures (Viganó & Salustri, 2015:161; Maier et al., 2016:71; Qu & Osili, 2016:20; Despard, 2017:608).
- The board of directors as the governance structure of not-for-profit organisations is responsible for the organisation's strategic direction (Singh & Bodhanya, 2014:350; Chen, 2015:2; Zatepilina-Monacell, 2015:232; Qu & Osili, 2016:20; Mourão & Enes, 2017:822). Shortcomings relating to this aspect could be addressed strategically by reviewing the alignment of the interests and contributions of the board of directors to the organisation's mission (Singh & Bodhanya, 2014:350; Chen, 2015:2; Qu & Osili, 2016:20; Mourão & Enes, 2017:824).
- Talent management and remuneration issues could also be addressed through improved organisational policies, collaborations with businesses, organisational learning and knowledge management (Zatepilina-Monacell, 2015:232; Qu & Osili, 2016:20). The negative relationship between remuneration disparity and performance could be corrected by keeping in mind the positive economic impact of the third sector, the contribution of health workers to economic growth, and the rate of return on investments



in the health sector (Hamman & Ren, 2013:211; Salamon et al., 2013:15; Viganó & Salustri, 2015:161; WHO, 2016:23).

It may be concluded that by having a strategic approach to the challenges relating to these three constructs, not-for-profit organisations would be better able to prepare for and remain sustainable.

### **3.10 CONCLUSION**

This chapter commenced with a discussion of not-for-profit organisations and the third sector. It was argued that owing to a lack of consensus on one definition, organisations should be identified as not-for-profit organisations based on the classification of type, purpose and characteristics. The type, purpose and characteristics of Namibian organisations were then discussed, together with an explication of the legal and regulatory frameworks that guide them.

The complexity of the third sector and the impact of environmental instability revealed emerging social and environmental issues, which led to an examination of the way international trends are emulated in Namibia and of the international and Namibian efforts to create social impact. The third sector's contribution to the global and local economies was then outlined in terms of GDP contribution and proportion of employment. A debate on the magnitude of foreign aid globally, individual country's contributions and the beneficiaries of foreign aid followed. PEPFAR's contribution to foreign aid was highlighted as it pertains to the HIV and AIDS pandemic in SSA. The PEPFAR contribution in Namibia was further discussed in terms of total spending on health in the country.

The importance of the health sector in the economy was outlined and included the return of investment in this sector, as well as the snowball effect of investing in health workers. These arguments were combined to ascertain the strengths, challenges and benefits of not-for-profit organisations, and the way in which strategic management influences their sustainability. Finally, the shortcomings in strategic management were discussed according to the financial, programme and people constructs.

The final arguments revolved around how addressing these shortcomings could assist not-for-profit organisations to become more sustainable.

The next chapter will discuss the research methodology that was followed.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 INTRODUCTION**

This chapter describes the methodology followed in this study. It commences with an overview of the characteristics of quantitative and qualitative research, which is followed by a discussion on research paradigms and the specific research paradigm and philosophy adopted for this research. The chapter continues by exploring the research approach and methodological choice that were adopted in the research with a specific focus on the research strategy.

Further discussions follow on the data collection methods and data analysis. Particular emphasis is placed on the data sources and sampling techniques that were employed. Discussions then progress to the data collection and the methods used for the data analysis in this research. Further discussion ensues on how the research was evaluated and specific mention of the research process and data quality. The qualitative data analysis software, Atlas.ti, which was used in the data analysis, is discussed. The chapter concludes with a discussion on the ethical issues that were considered during the research process and how the researcher mitigated these issues.

### **4.2 QUANTITATIVE AND QUALITATIVE RESEARCH**

Research approaches may be based on qualitative, quantitative and mixed methods. It is important to understand which of these approaches to use in the research as this decision will guide the general suppositions and specific approaches of the research project. The way in which the research is conducted is not only guided by the topic of the research but also by the theoretical beliefs of the researcher (Creswell, 2014:32).

Qualitative research is usually deployed for theory development and responses from this type of research are dependent on the respondent. In qualitative research, the measurement tools are more elastic and tailored to specific contexts, and the type of analysis (content or thematic) does not usually enable these findings to be generalised (Saunders et al., 2016:165; Salkind, 2017:173). Quantitative study methods assess ideas in relation to quantity, concentration and occurrence,

whereas qualitative study methods allow for the investigation of perceptions in terms of their significance and their understanding in particular settings of the investigation (Ketokivi & Choi, 2014:233). Mixed method research merges the use of qualitative and quantitative research approaches (Creswell, 2014:264; Saunders et al., 2016:169; Salkind, 2017:112).

For the purposes of this study, a qualitative approach was applied. This was deemed useful since the concepts of the research are ambiguous and elastic (Saunders et al., 2016:568). The data gathered in qualitative research is a source of well-informed, insightful explanations and clarifications of events and developments (Miles et al., 2014:1). This richness of information was obtained through a profound and significant interaction with the participants, from which the researcher aimed to gain broad insight into the situation. This part of the research was distinguished by the use of non-standardised tools. The ultimate objective of qualitative research is to describe “how, where, when and why” and this would assist in understanding the situation and is used to guide daily decision-making of organisations (Miles et al., 2014:7; Leung, 2015:324).

Additionally, the research was non-experimental as it aimed to describe relationships and not to test the cause of those relationships. This research followed an empirical design as it aimed to describe incidents and circumstances that were observed and experienced (Salkind, 2017:20). An investigation of these relationships using an analytical design rendered the research descriptive, as the ultimate aim was to describe those relationships (Saunders et al., 2016:139; Salkind, 2017:160). The research undertaken in this study aimed to describe a specific situation and relationships in an attempt to ascertain how not-for-profit organisations in Namibia conduct strategic management.

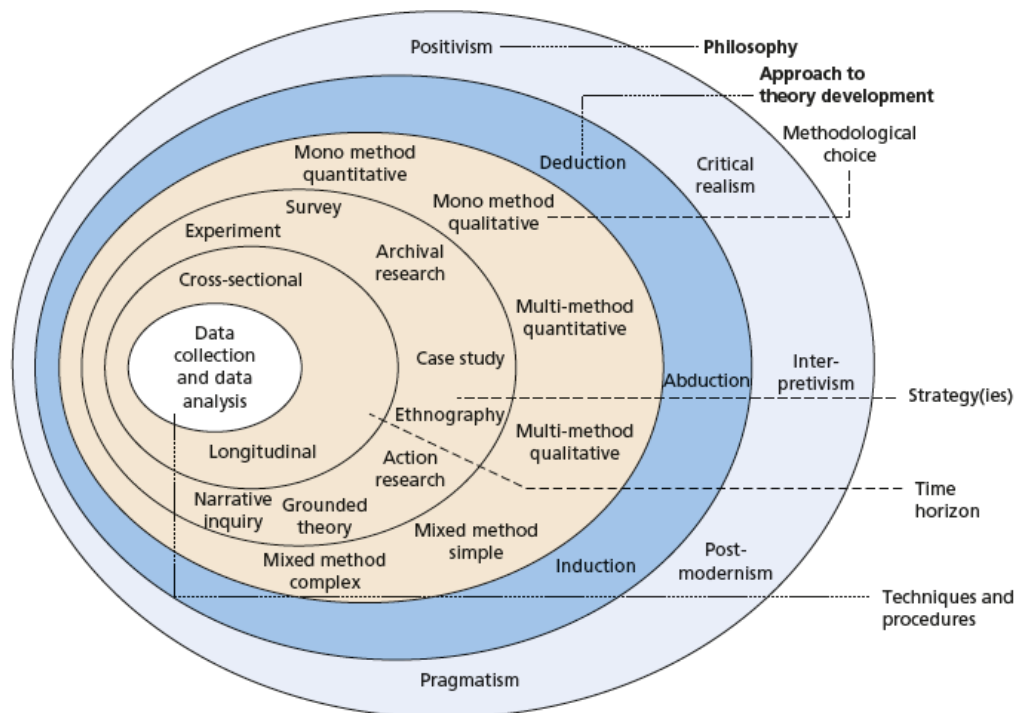
#### **4.3 RESEARCH PARADIGM AND PHILOSOPHY**

A research paradigm is a theoretical means of reasoning and refers to how thinking is applied to theory inasmuch as it applies to the researcher’s view of the research methodology, strategies, techniques and procedures (Saunders et al., 2016:124; Kivunja & Kuyini, 2017:26). An understanding of the research paradigms allowed the researcher to appreciate how his/her personal beliefs would influence the study

and how they would analyse the information duly obtained. Additionally, it informed how sense was made from the data which were collected. A research paradigm includes ontology, epistemology, methodology and axiology (Saunders et al., 2016: 143; Kivunja & Kuyini, 2017:26).

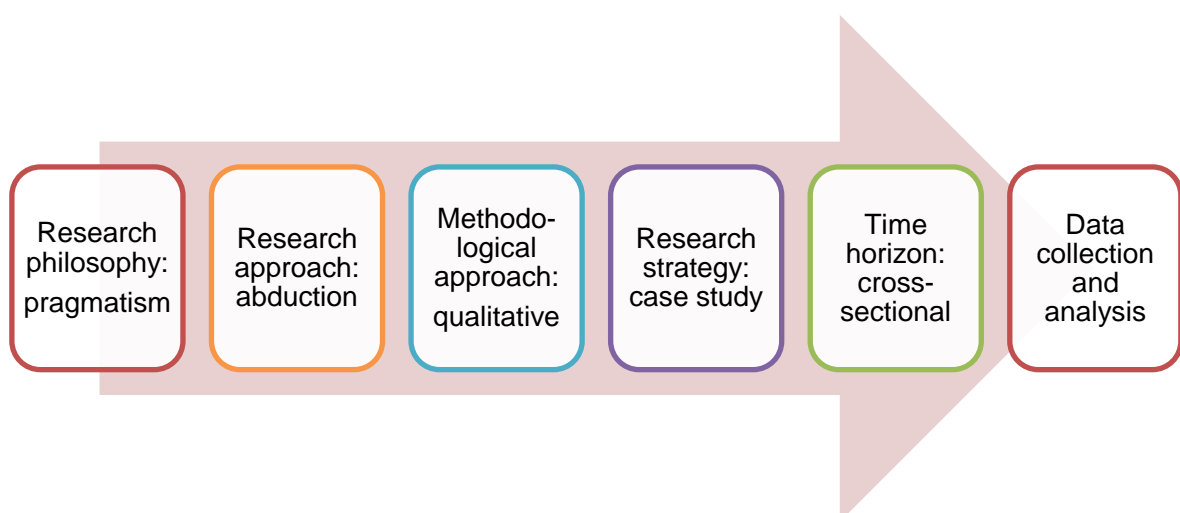
The ontology of a research paradigm refers to what is considered the nature of reality and being. Ontology influences the way the researcher perceives the participants and how they are studied. It relates to the supposition researchers form in order to consider the reality of something; it examines the underlying belief of the researcher on how sense is made of data and what constitutes reality. The epistemology of a research paradigm, on the other hand, relates to what the researcher believes represents adequate information and how this information builds logical arguments and how these relate to knowledge. It relates to the process of how knowledge is generated and experienced. Research methodology meanwhile refers to the study method, techniques, concepts and processes (Creswell, 2014:54; Saunders et al., 2016:125), while axiology refers to the ethical considerations of a study (Boer, Holweg, Kilduff, Pagell, Schmenner & Voss, 2015:1243; Kivunja & Kuyini, 2017:27).

The research methodology followed in this research was based on the use of the research onion developed by Saunders et al. (2016:124), as illustrated in Figure 4.1.



**Figure 4.1:** The research onion  
Source: Saunders et al. (2016:124)

Similar to Saunders et al.'s (2016:124) approach above, the researcher has outlined the applicable aspects of the research design in Figure 4.2 below. Each of these aspects is discussed in detail in this section.



**Figure 4.2:** Research design  
Source: Own compilation

Research paradigms include research philosophies such as positivism, critical realism, interpretivism, postmodernism and pragmatism. A positivist paradigm holds

that perceptible realities are studied using extremely structured research instruments which are applied to large samples. Subsequently, statistical analysis and deductive reasoning generate concrete generalisations as they produce explicit and precise outcomes (Creswell, 2014:36; Saunders et al., 2016:136). In critical realism, reality is seen as extraneous and autonomous and is the most critical theoretical factor. In terms of this paradigm, assumptions are based on how the world is experienced and the mental processing of such experiences, which allows the researcher to make sense of data. In-depth research instruments are used, generally aimed at the examination of established and existing structures (Saunders et al., 2016:139).

The interpretivist philosophy holds that the researcher strives to comprehend the domain in which they exist. This subjective understanding is often wide-ranging and varied and as such highlights the intricacy of the topic. Inductive studies provide exhaustive information from small samples. Data are usually analysed using qualitative methods and results may not be generalisable (Creswell, 2014:37; Saunders et al., 2016:139). Postmodernism philosophy underscores the importance of language and authoritative relationships. This philosophy challenges recognised reasoning in favour of alternative views. Researchers accordingly place emphasis on values and research instruments are comprehensive so as to allow the researcher to obtain rich data which generally lends itself to qualitative analysis (Saunders et al., 2016:142).

Pragmatism is concerned with events, circumstances and results, and applications of solutions to everyday problems. This type of philosophy commences with problems and researchers seek to establish useful answers to such problems which would inform future instances (Creswell, 2014:39; Saunders et al., 2016:142). The results-based approach is concerned with making sense of everyday situations and generating practical solutions. The research instruments applied are chosen to answer the research questions and mixed methods of analysis is often used (Shannon-Baker, 2016:322; Kivunja & Kuyini, 2017:35).

The paradigm used for this research is one of pragmatism. A pragmatic epistemology (which refers to what is acceptable knowledge or how to know reality) posits that the best methodology would be the one which solves the problem and,

hence, methodologies may either be qualitative or quantitative. A pragmatic approach would deliberate on those answers that would effect change and would attempt to connect theoretical ideas on an epistemological level to the practical level. This is important as the pragmatist supposes that concepts can be appropriate and generalisable, which would make them applicable to other situations (Saunders et al., 2016:137; Shannon-Baker, 2016:322; Kivunja & Kuyini, 2017:35).

The ontology (the nature of reality or what reality means) of pragmatism is one that presumes that reality is a fluid concept that is relative to the subjects being researched. This paradigm assumes that knowledge is not theoretical or collective but rather based on the realities of current, everyday requirements. It views truth as multifaceted, valuable and outside of the researcher. A pragmatic ontology maintains that reality is the practicable outcomes of concepts and captures the flexibility of methods, experiences and procedures (Ketokivi & Choi, 2014:239; Shannon-Baker, 2016:322;). The axiology or ethical considerations of pragmatism hold that research should be conducted to benefit the participants and should be value driven (Saunders et al., 2016:137; Kivunja & Kuyini, 2017:35).

A pragmatic paradigm emphasises that concepts are only relevant where they validate action. It is focused on outcomes, ascertaining the significance of things and determining real-world answers to contemporary problems (Saunders et al., 2016:143; Shannon-Baker, 2016:322). Pragmatism supposes that reality is continuously deliberated, contested and understood, and thus the best approach would be one that seeks to practically resolve difficult situations (Kivunja & Kuyini, 2017:35). Pragmatic research is characterised by the importance of the applicability of the research and that the research strategy and methods are suited to the reason for the study. It maintains that by means of a thorough understanding of contemporary problems, the researcher may apply theoretical assumptions to develop practical solutions to those problems (Morgan, 2014:1045; Kivunja & Kuyini, 2017:36).

This study adopted a pragmatic philosophy as the aims were to adapt a model that not-for-profit organisations could use for strategic management such that it would contribute to the sustainability of these organisations. The outcome would produce



a practical strategic management model that not-for-profit organisations could use to advance their sustainability.

#### **4.4 RESEARCH APPROACH AND METHODOLOGICAL CHOICE**

The approach to theory development may be deductive, inductive or abductive. Deductive approaches to the development of theory maintain that a rational decision is derived when research evidence is proven to hold true. Inductive reasoning is contrasted with deductive reasoning in that it seeks to bridge the gap between the research evidence and the rational conclusion, and this gap is bridged by means of the observations and judgements of the researcher (Ketokivi & Choi, 2014:234; Saunders et al., 2016:145). Abductive reasoning holds that recognised principles are used to produce explanations that can be further examined. Such reasoning moves between deduction (progressing from hypothesis to data) and induction (starting from data to theory development), and in such a way harnesses the best of the two approaches to develop practical conclusions (Shannon-Baker, 2016:325; Mitchell, 2018:105).

While deductive reasoning aims to confirm a theory and inductive reasoning aims to develop a theory, abductive reasoning aims to expand on current theories. This involves oscillation between induction and deduction by recognising concepts during observation and then testing these concepts through action. In abduction, complex observations of real-world practices are studied and applied to theoretical propositions, such that the theory is expanded or new theories are developed (Ketokivi & Choi, 2014:237; Saunders et al., 2016:148). The abductive approach was followed in this research, and starts with an actual contemporary phenomenon being observed. These observations are then explained using theoretical propositions and this usually ends by expanding and modifying the existing theory (Shannon-Baker, 2016:326; Mitchell, 2018:105).

Methodological choices are varied and include the mono-method, multi-method and mixed method choices. In these choices, the data collection method could be either quantitative or qualitative (Saunders et al., 2016:124). A mono-method study is characterised by a single data collection method, either quantitative or qualitative. In contrast, in a multi-method design, data are collected using several methods and

could include a combination of both qualitative and quantitative techniques. Finally, a mixed-method design uses more than one qualitative or quantitative data collection methods, although these data collection techniques are followed individually (Saunders et al., 2016:166).

The methodological choice followed in this research was a qualitative study (Yin, 2003:86; Saunders et al., 2016:168). The primary data collection method used in this study was in-depth interviews. Additionally, limited quantitative data in the form of simple demographic data were collected during the interviews to supplement the qualitative data, thus allowing theme profiling using demographic components (Saunders et al., 2016:169).

#### **4.5 RESEARCH STRATEGY**

Research strategies include experiments, surveys, archival research, case studies, ethnography, action research, grounded theory and narrative inquiry. In experimental research hypotheses are studied; such research describes the interaction between the dependent and independent variables. Surveys are common in deductive research where quantitative data are collected and analysed using inferential techniques. Archival or documentary research relies on the use of documents as secondary sources of data, while case study research comprises a comprehensive examination of a particular topic or setting (Creswell, 2014:41; Saunders et al., 2016:174; Salkind, 2017:20).

Ethnography is aimed at the study of culture or social interactions, and action research is mainly conducted in organisations and is valuable for extending solutions. Its cooperative and participatory approach encourages organisational learning. Action research is a collaborative effort between all stakeholders with the intention of developing new solutions to contemporary organisational problems. This type of research normally has implications beyond the research study. Grounded theory aims to examine, understand and explain the meanings a culture uses to make sense of situations. This strategy is useful for developing philosophical descriptions for societal exchanges. Narrative inquiry is used to document a personal account of events for research purposes. It aims to review chronological

events so as to comprehend and support the investigation (Creswell, 2014:41; Saunders et al., 2016:174; Salkind, 2017:20).

The research strategy followed in this research was a case study. Yin (2003:13) describes this research strategy as an “empirical analysis that investigates a contemporary phenomenon in its real-life context and where the boundaries between the phenomenon and the context are not clear”. As this research focused on a particular setting, a case study strategy was the most appropriate approach (Yin, 2003:47; Saunders et al., 2016:187). Case study approaches are frequently used for research that adheres to a pragmatic paradigm with abductive reasoning (Ketokivi & Choi, 2014:238; Kivunja & Kuyini, 2017:38), as is the case with this research. Cases may also be assembled from several organisations and this is known as multiple case research (Yin, 2003:47; Saunders et al., 2016:187).

Multiple case research or multiple case studies are useful when studying the comprehensive makeup of organisations. The advantage of such a comprehensive approach is that the relevant theory applied to the case is also of an extensive nature (Yin, 2003:45). Multiple cases are selected such that each case could either anticipate comparable outcomes, “lateral replication”, or opposing outcomes but for expected motives “theoretical replication”. This type of replication ensures the transferability of the research to other settings. This is important to develop a robust analytical context which could be used as a medium for application to different cases (Yin, 2003:47; Ketokivi & Choi, 2014: 234; Shannon-Baker, 2016:326).

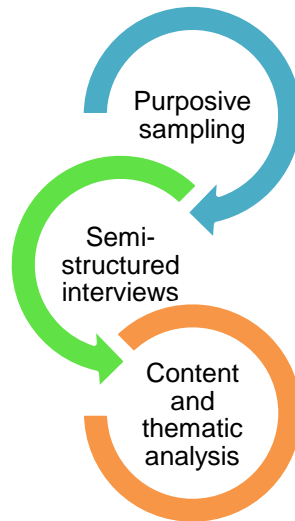
Case study designs may be classified into three categories, namely, theory creation, theory examination and theory expansion. Theory creation case studies aim to create new theories by means of an empirical study, whereas in case studies geared to examining theory, empirical data are used to test existing theory. When case studies are used as a means to elaborate on theory, the empirical data are used not to test existing theory but rather to expand on it (Ketokivi & Choi, 2014:232). The choice of a case study approach is guided by how the concepts could be applied and which approach would be best able to explain the synergy between the theoretical constructs and the empirical data (Ketokivi & Choi, 2014:232; Robinson, 2014:35).

Case studies may be inductive, deductive and abductive. Inductive case studies develop theory by examining empirical data, while deductive case research entails the testing of existing propositions using empirical data obtained from the research. Abductive case studies concentrate on the contextual reasoning within the framework of conventional philosophy and use empirical data to elaborate on the philosophy (Ketokivi & Choi, 2014:236; Lune & Berg, 2017:176). The research strategy for this study was abductive and descriptive and empirical data were collected from multiple cases. This holistic approach ensured transferability, as the same interview questions were applied to all the participants. Moreover, it sought to advance the existing theory on strategic management and pursue only one element of investigation, namely, not-for-profit organisations.

The time horizon applied in this study was cross-sectional as opposed to longitudinal. Longitudinal time horizons imply that the research is conducted over a protracted period of time, while a cross-sectional study is conducted within a short period of time (Saunders et al., 2016:200). As the unit of analysis, not-for-profit organisations, depend on donor funding and the donor-funding landscape changes often and therefore, the best time horizon applied to this study was a cross-sectional time horizon. The timeframe during which data were collected spanned two months from the beginning of March to the end of April 2019.

#### **4.6 DATA COLLECTION AND ANALYSIS PROCEDURES**

The following sections present the data collection and analysis procedures employed in the study. Specific focus falls on the data sources and sampling techniques, data collection and data analysis. Figure 4.3 represents visually the data collection and analysis procedures. Purposive sampling techniques were used and the data were collected using semi-structured interviews. The data were analysed using content and thematic analysis.



**Figure 4.3:** Data collection and analysis procedures  
Source: Own compilation

#### 4.6.1 Population and sampling

In research, it is important to know the population for the study. A population is the total number of instances or examples that is available, which share the same characteristics (Creswell, 2014: 204; Saunders et al., 2016:274; Salkind, 2017:36).

In 2013, Namibia had around 750 not-for-profit organisations, according to available data. For the same year, around 505 of these organisations provided HIV and related services (Robertson et al., 2013:26). In 2018, the number of not-for-profit organisations registered in Namibia totalled 1 723. This is according to the Business and Intellectual Property Authority (BIPA), which is the regulatory authority for all company registrations in the country (Tembo, 2018). The number of not-for-profit organisations registered in Namibia represents the total population of the study.

##### 4.6.1.1 Demarcation and inclusion criteria

Demarcation and inclusion criteria further guided the selection of the sample studied. Sampling is necessary in research because often the size of the population is large, and this may influence the practicality, feasibility and difficulty of the research (Elo, Kääriäinen, Kanste, Pölkki, Utriainen & Kyngäs, 2014:4). It is therefore important to understand the research questions so that the correct demarcation and inclusion criteria may be applied to the sample (Creswell, 2014:204; Elo et al., 2014:4; Robinson, 2014:35). These demarcation and inclusion

criteria, as applied to this population, included that the organisations should be active not-for-profit organisations that deliver HIV/AIDS and related services; organisations should receive funding from the United States Government (USG) through PEPFAR and deliver direct and indirect services; and such organisations should not be government, parastatal or tertiary institutions.

#### 4.6.1.2 *Purposive sampling*

Considering the demarcation and inclusion criteria, Robertson et al. (2013:27) add that of the 750 not-for-profit organisations registered in Namibia in 2013, only 33% provide HIV/AIDS and related services and that 13 of these organisations provide 80% of the services. They also received 52% of USG funding in 2013 (Robertson et al., 2013:27). The organisations that were PEPFAR recipients and were included in the database provided by PEPFAR numbered 18 in 2018 (Spear, 2018). When the demarcation and inclusion criteria were applied to these 18 organisations, only 12 organisations were eventually included. These were organisations that were not government, parastatal or tertiary institutions. However, during the study, only 11 organisations indicated their willingness to participate and, subsequently, using purposive sampling, an additional organisation was identified that was not included in the PEPFAR list. Thus, the final sample consisted of 12 organisations. The smaller size of the sample is congruent with most case studies conducted using qualitative, in-depth research (Robinson, 2014:35; Saunders et al., 2016:301).

Accordingly, the context described above guides the use of purposive sampling techniques as it involves the researcher's insight in determining the sample (Saunders et al., 2016:301; Lune & Berg, 2017:39). This method of sampling is also valuable and useful for small, homogenous sample sizes. Homogenous samples are those in which the subjects in the sample are similar (Elo et al., 2014:4; Saunders et al., 2016:301). The similitude of the participants in the sample is reflected in the fact that they were all organisations that received a substantial percentage of funding from PEPFAR and delivered HIV/AIDS and related services. The actual participants were selected because of their seniority in these organisations. The ideal participants were aimed to be in senior positions within the organisation.

#### 4.6.1.3 *Data saturation and data triangulation*

Fusch and Ness (2015:1411) suggest that there is a direct correlation between data saturation and data triangulation. In essence, data triangulation is achieved when various perspectives are used to augment a study's thoroughness, range and complexity of findings (Mayer, 2015:59). The corroboration of multiple perspectives augments the credibility of the results of a study (Fusch & Ness, 2015:1411; Varpio, Ajjawi, Monrouxe, O'Brien & Rees, 2017:44; Johnson, Adkins & Chauvin, 2020:143). Fusch, Fusch and Ness (2018:20) add that triangulation assist the researcher to analyse and display data in such a way that readers can understand the issue being researched. The authors continue that data triangulation also mitigates research bias in that similar responses are expected from similar sources. In this way, triangulation supports data saturation (Fusch et al., 2018:20). In this study, triangulation is related to the collection of data from more than one source, that is, 12 sources or participants.

Saturation levels should be considered when dealing with small homogenous samples in qualitative research. Saturation, in turn, occurs when additional information collected adds little value and limited data to the existing data (Elo et al., 2014:5; Saunders et al., 2016:279). When data saturation is reached, it enables and streamlines data analysis (Elo et al., 2014:5). The recommended sample size for reaching saturation with homogenous samples in qualitative studies is said to be between four and sixteen (Namey et al., 2016:434; Saunders et al., 2016:297). The sample was collected from organisations receiving PEPFAR funding and the sample size selected for this research was 12 interviews. The participants included IntraHealth Namibia; IntraHealth International; Global Health Supply Chain Programme; Development Aid from People to People (DAPP); Project HOPE; International Training Education Centre for Health (I-TECH); Results for Development (R4D)/Synergos; Koninklijke Nederlandse Centrale Vereniging tot bestrijding der Tuberculose (KNCV) Tuberculosis Foundation; Tonata; People Living with HIV (PLHIV) Network; Jhpiego; Health Information Systems Program (HISP) Namibia; and Society for Family Health (SFH) (Spear, 2018).

#### **4.6.2 Data collection**

As the methodological choice was a multi-method study, the data had to be collected using multiple interviews (Yin, 2003:86; Saunders et al., 2016:168). The non-standardised data were primarily collected by means of in-depth, semi-structured interviews. An interview is defined as a purposeful conversation with the aim of obtaining information. In research, the information collected from the interviews is used to answer the research questions (Saunders et al., 2016:388; Lune & Berg, 2017:65). The basic premise of interviews is to enable the researcher to gain insight into the perceptions of the participants and the significance they place on certain meanings and events (Lune & Berg, 2017:70). Obtaining data from interviews is considered the most cost-effective way to obtain qualitative data (Namey et al., 2016:435).

##### **4.6.2.1 Interview schedule and interviews**

Interviews are classified into three categories, namely, structured, unstructured and semi-structured interviews. In structured interviews, the researcher makes use of identical questions which are determined prior to the interview and are posed to each of the participants. Unstructured interviews are considered to be the opposite, with the researcher exploring phenomena extensively by holding open and flexible discussions with the participants. Semi-structured interviews are considered to be the median between structured and unstructured interviews. For this type of interview, the researcher formulates a set of topics and critical questions to be discussed during the interview (Elo et al., 2014:3; Saunders et al., 2016:391; Lune & Berg, 2017:67).

The themes and critical questions addressed in the interview schedule considered the distinctive categories described in the literature review. The initial interview schedule developed contained a total of 25 questions in six categories. These categories comprised introductory and demographic questions, and questions relating to sustainability, strategic management, strategic management and financial sustainability, strategic management and programme sustainability, and strategic management and people sustainability. Each of these themes contained relevant questions designed to answer the research questions. The interview schedule was developed such that the first section comprising introductory and



demographic questions was worded in a non-threatening way intended to put the participant at ease. The following sections focused on the more sensitive questions relevant to the themes and included several validating questions to confirm the answers obtained. Where needed, probing questions were used to elicit further responses and information from the participants (Saunders et al., 2016:393; Lune & Berg, 2017:73). The final interview schedule contained 31 questions spanning the six themes mentioned earlier in this paragraph. The interview schedule is attached as Annexure A.

The interview schedule along with the ethical application was reviewed by UNISA's College of Economic and Management Sciences' (CEMS') Research Ethics Review Committee and no data were collected until approval had been granted by this committee (Annexure B).

#### *4.6.2.2 Pre-testing of the interview schedule*

Pre-testing is essentially an experimental procedure carried out before the full-scale application of the research tools. The research instrument for this study was pre-tested to ensure that the questions contained were relevant and to ensure that the language used in the formulation of the questions would be understood by the participants. Pre-testing also ensured that possible anomalies were eliminated, and obscurities elucidated. Additionally, pre-testing contributed to the validity and reliability of the research (Elo et al., 2014:4; Dikko, 2016:521; Lune & Berg, 2017:69; Schachtebeck et al., 2018:7).

During piloting the research instrument is applied to a small number of participants with the same characteristics as the sample (Dikko, 2016:521; Schachtebeck et al., 2018:10). Pre-testing, as opposed to piloting, involves a critical review of the interview schedule content and the application of the interview schedule (Lune & Berg, 2017:77). A sample size of 10 to 20% is considered sufficient for a pilot study. The participants used in the pilot testing should not form part of the main study because the purpose of the pilot is to identify problems to be addressed and to ensure that the questions are understood. Inclusion of participants from the pilot in the main study would influence the assessment to progress with the full roll-out of the research instrument. For this reason and owing to the small size of the sample,

piloting was not a feasible option and the researcher opted for pre-testing of the research instrument (Schachtebeck et al., 2018:10; Lune & Berg, 2017:77).

As proposed by Lune and Berg (2017:77), the research instrument was pre-tested in two phases. A critical review of the interview content was done by two academics in the field of research and social development. The application and comprehension of the interview questions included in the schedule was done by two managers in not-for-profit organisations which fell outside the criteria used for sampling. The feedback from the pre-testing included revising the order of the questions and rephrasing some of them. As already mentioned, the final interview schedule contained 31 questions in line with the themes mentioned earlier in section 4.6.2.1.

The semi-structured interviews, which lasted between 60 and 90 minutes, were conducted using the adjusted research instrument. After the appropriate gatekeeper permission letters had been obtained from all the organisations in accordance with the ethical requirements, 12 participants were interviewed, all senior officials and/or managers. Each participant was required to complete and sign a consent form, indicating their willingness to participate in the study. In view of their positions in the organisations, these participants were regarded as credible.

Ten of the participants had organisational head offices in Windhoek, but the researcher had to travel in order to interview two participants who were located outside Windhoek in Ongwediva and Swakopmund. The interviews were conducted in the boardrooms of each organisation, a setting that ensured that the participants were comfortable and there was minimal interference. All interviews were conducted by the researcher and recorded using a digital voice recorder. All digital recordings were transcribed using transcription services.

#### **4.6.3 Data analysis**

Data collected from the semi-structured interviews were analysed by means of content and thematic analysis (Yin, 2003:22; Lune & Berg, 2017:176). Content analysis is a systematic, comprehensive and meticulous examination and analysis of data and is useful for identifying patterns, themes, theories and inferences (Lune & Berg, 2017:182). When conducting content and thematic analysis, a pragmatic

and abductive approach to theory development was considered the most suitable approach (Elo et al., 2014:1; Miles et al., 2014:10; Shannon-Baker, 2016:325).

#### 4.6.3.1 *Overview of Atlas.ti*

Atlas.ti is a qualitative data analysis software package and is based on visualisation, integration, serendipity and exploration. Visualisation is useful for presenting qualitative data visually, while integration helps the researcher to include not only textual information, but also pictorial and other information. The serendipity of the software refers to the intuitive aspects often required by qualitative data analysis and the exploratory and systematic approach assists in the development of theories (Friese, 2018:10).

The data analysis process applied using the software spanned two phases. Firstly, the “data-level” phase included the segmentation of data, assigning codes to quotations, assembling codes into groups and assigning comments to codes, groups and quotations. From this phase, it was possible to explore data using a word cloud and word frequencies which are essential for the conceptual phase. The conceptual phase allowed the researcher to demonstrate relationships between codes and groups by means of networks. This phase allowed the researcher to visualise data for sense making and theory building (Friese, 2018:21).

#### 4.6.3.2 *Content and thematic analysis*

Content and thematic analysis are approaches used to examine verbatim data and to arrive at a detailed description of a theme (Vaismoradi, Jones, Turunen & Snelgrove, 2016:100). This type of analysis entails coding and categorising data to allow for quantitative analysis in terms of word frequencies and involves a reflection on the underlying perspectives of the participants (Saunders et al., 2016:608; Vaismoradi et al., 2016:101). Such an analysis allowed the researcher to explain and appraise events and experiences (Elo et al., 2014:1).

It entailed coding and categorisation of data to allow for quantitative analysis in terms of word frequencies and involved a reflection of underlying perspectives of the participants (Saunders et al., 2016:608; Vaismoradi et al., 2016:101). Estimating word frequencies involves analysing the number of occurrences of a word and is a useful approach to determine the importance of certain words. Additionally, it was

useful for rapidly assessing the nature of qualitative data and limiting researcher bias (Miles et al., 2014:248). Word clouds are visual representations of word frequencies (Atenstaedt, 2017:231; Friese, 2018:17). Accordingly, the more frequently a word occurs, the larger the font in the word cloud. Thus, words that occur often will be represented more prominently (Ertug, Gruber, Nyberg & Steensma, 2018:1613).

A code list was drawn up containing all the codes generated from the interviews. This list is useful for ensuring that all the data are appropriately coded and may be used in calculating data saturation (Fusch & Ness, 2015:1408). Data saturation is indicative of the quality of the analysis since it proves that no new evidence or codes could be generated by the data and may also be seen as a measure of rigour (Ando, Cousins & Young, 2014:7; Elo et al., 2014:5; Saunders et al., 2016:279; Constantinou, Georgiou & Perdikogianni, 2017:575).

Code groundedness is indicative of how many quotations are linked to each code. In turn, code density refers to the number of times a particular code is linked to other codes and is important for establishing the relationship between different codes and developing the networks (Cheli, Pezzullo & Velicogna, 2017:347; Friese, 2018:38). These two metrics are usually represented in grey bars on the networks, while codes and code groups form the nodes which are the building blocks of networks. Networks visually represent relationships between the nodes (codes and code groups), which can be linked, and the number of times a particular node is linked to other nodes is represented as a degree. Thus, the higher the degree, the more times a node is linked to other nodes and the more this node is interrelated and the more significant it is (Cheli et al., 2017:348; Friese, 2018:183).

According to Saunders et al. (2016:579), content and thematic analysis provides systematic and flexible ways for analysing data and identifying subjects and patterns. Content analysis is a data analysis technique that allows the researcher to make accurate and replicable interpretations from textual data (Krippendorff, 2004:18). This type of analysis is a systematic process for elucidating and quantifying documentary data such that the instances used in a given text are enumerated and frequencies are derived on the number of occurrences. These frequencies are then used to categorise the data which could be used to expound

theories and in such a way further extend theory development (Dumay & Cai, 2015:121; Vaismoradi et al., 2016:102; Van Rheenen, Cernaianu & Sobry, 2017:77).

Content analysis comprises of three stages, namely, data preparation, data organisation and data reporting. The data reporting and analysis will be discussed in detail in the following chapter. During data preparation, data are collected and interpreted to identify the units of analysis. The data organisation phase involves cataloguing, classification and arriving at comprehensible outcomes (Elo et al., 2014:2).

Thematic analysis considers both underlying and apparent content for classification in the analysis of data. Once these classifications were identified, the researcher used them to develop themes and ascribe meaning to each theme. Themes were further analysed to create sub-themes and in such a way to add further meaning to the data. These meanings were then analysed and interpreted such that the conceptualisations and outcomes could be used to answer the research questions (Yin, 2003:111; Saunders et al., 2016:579; Vaismoradi et al., 2016:102). Thematic analysis consists of six steps, namely, understanding the data, creating preliminary codes, identifying themes, revising themes, naming and describing themes, summarising themes and making conclusions to produce findings in a report (Filia, Jackson, Cotton, Gardner & Killackey, 2018:187).

The researcher processed the transcribed data using content and thematic data analysis (Elo et al., 2014:3; Saunders et al., 2016:615; Lune & Berg, 2017:90). The data were then analysed using Atlas.ti, which is a qualitative data analysis (QDA) program. The selected program also allowed for quantitative data analysis in terms of word frequencies. The constructs of sustainability in strategic management, as outlined in the interview schedule, were applied in order to identify themes and patterns.

The theoretical stratagem used in the thematic analysis was based on strategic management models developed by Thompson et al. (2005:18); Thompson et al. (2017:20) and Kriemadis and Theakou (2007:28). Content analysis, word analysis and frequencies were used to demonstrate the significance of themes (Dumay &

Cai, 2015:121; Saunders et al., 2016:611; Vaismoradi et al., 2016:102; Van Rheenen et al., 2017:77), while thematic analysis was used to link topics, such as financial, programme and people constructs to the data and to develop new topics (Yin, 2003:111; Saunders et al., 2016:579; Vaismoradi et al., 2016:102; Filia et al., 2018:187). This allowed the researcher to adapt a strategic management model based on the models by Thompson et al. (2005:18), Thompson et al. (2017:20) and Kriemadis and Theakou (2007:28) for use with not-for-profit organisations in Namibia.

#### **4.7 RESEARCH EVALUATION**

Triangulation encompasses the use of more than a single source of data and method of collection to corroborate the credibility, originality and validity of the data, analysis and interpretation. When more than one data source is used to verify the reliability and validity of the data, triangulation is achieved (Miles et al., 2014:266; Wilson, 2014:74; Fusch & Ness, 2015:1408). This is done to obtain more exhaustive and comprehensive data and to assist in confirming the research outcomes (Wilson, 2014:66). Triangulation is positively related to data saturation in that it is achieved when data saturation is reached (Fusch & Ness, 2015:1411). In qualitative research, data saturation is an indicator of precision and excellence (Varpio, et al., 2017:45).

Triangulation consists of four components, namely, investigator, data, methodological and theoretical triangulation. When investigator triangulation is achieved, the data analysis process included more than one analyst. In data triangulation, various sources of data are consulted. When more than one method is used for collecting data, methodological triangulation is achieved and when more than one theory is used to describe results, theoretical triangulation is achieved (Wilson, 2014:67). The research adhered to data triangulation as data were collected from multiple sources and it was expected that saturation would be reached with ten interviews (Saunders et al., 2016:297; Namey et al., 2016:434).

Data triangulation was achieved as data were gathered from 12 participants. Investigator triangulation was achieved since the data were coded and analysed by the researcher and a co-coder/statistician. Methodological triangulation was achieved as the primary data were collected from semi-structured in-depth

interviews and theoretical triangulation was achieved since several strategic management theories, models and tools were used to describe the results.

The evaluation of data quality was done using measures of reliability or dependability and validity. Reliability in qualitative research pertains to consistency in the application of the methodology. This consistency ensures that when the study is replicated using the same methodology, similar results should be yielded (Miles et al., 2014:278; Leung, 2015:326). Reliability was demonstrated in this research by meticulously explaining the research methodology to be followed, as well as the applicable theoretical paradigms guiding the research. This was done to ensure that the same study could be replicated by other scholars and similar results would be obtained. Record-keeping was rigorous and detailed and ranged from gatekeeper permissions, audio files of the interviews, transcribed interviews and analysed data. This is necessary to demonstrate that the research methodology and instruments were applied consistently to all the participants.

#### **4.7.1 Internal validity, external validity and reliability**

Traditionally, the concepts of validity and reliability are linked to quantitative studies; however, the applicability of these concepts is as valid in qualitative studies (Creswell, 2014:251; Saunders et al., 2016:205). In qualitative research, validity means to verify research data for accuracy, analysis to be done in a consistent manner, and outcomes support the research question and could be replicated in similar settings (Creswell, 2014:251; Miles et al., 2014:273; Saunders et al., 2016:206). Validity in qualitative research can be measured in four ways. These are internal (authenticity), external (transferability), construct and measurement validity (Yin, 2003:34; Saunders et al., 2016:20). Internal validity or authenticity refers to the ability of the data collection tool to measure adequately what it intends to measure (Saunders et al., 2016:450). Internal validity was assured by linking the interview questions back to the research questions as well as by pre-testing the interview schedule. External validity or transferability relates to determining the generalisability and applicability of the research to the proposed theoretical domains (Saunders et al., 2016:204). This was achieved since the study focused only on not-for-profit organisations receiving PEPFAR funding in Namibia. As the study only focused on the participants who received about 80% of PEPFAR funding in

Namibia, it was not a representative sample and as such allowed for limited generalisation. However, the study could be replicated in another, similar setting.

When construct validity is achieved, the researcher demonstrates the use of multiple sources of data (Saunders et al., 2016:450). In this study, construct validity was achieved by using various sources of data. Interviews were conducted to collect data, which was elicited from multiple participants. Measurement validity involves the appropriate use of theoretical constructs to guide the research and was achieved by obtaining an understanding of the theoretical propositions and using the outcomes of the research to further these propositions (Saunders et al., 2016:450).

The authenticity of the research and the data relates to the accuracy, genuineness and truthfulness of the research (Krippendorff, 2004:174; Creswell, 2014:132; Miles et al., 2014:278; Saunders et al., 2016:207). The researcher made sure that no other similar research on strategic management in not-for-profit organisations in Namibia had been conducted previously. Furthermore, recording and transcribing the interviews ensured authenticity, as the audio and data files were saved on a specific date and time. The interview recordings were transcribed verbatim during the study by an external transcriber.

The hallmark of good qualitative research lies in its dependability, validity, authenticity, trustworthiness and confirmability (Treharne & Riggs, 2015:57). Additionally, due consideration must be given to triangulation and the trustworthiness of the research, as these measures relate to the quality of the data obtained (Wilson, 2014:66; Fusch & Ness, 2015:1411; Varpio et al., 2017:45).

Table 4.1 demonstrates how the aspects that define sound qualitative research were addressed during the data analysis process.

**Table 4.1: Quality criteria of the research**

Quality criteria	Quality Aspects	Application in study
Triangulation	Investigator	Process included support from transcriber and co-coder/statistician.
	Data	Data collected from more than one source (data was collected from 12 participants).





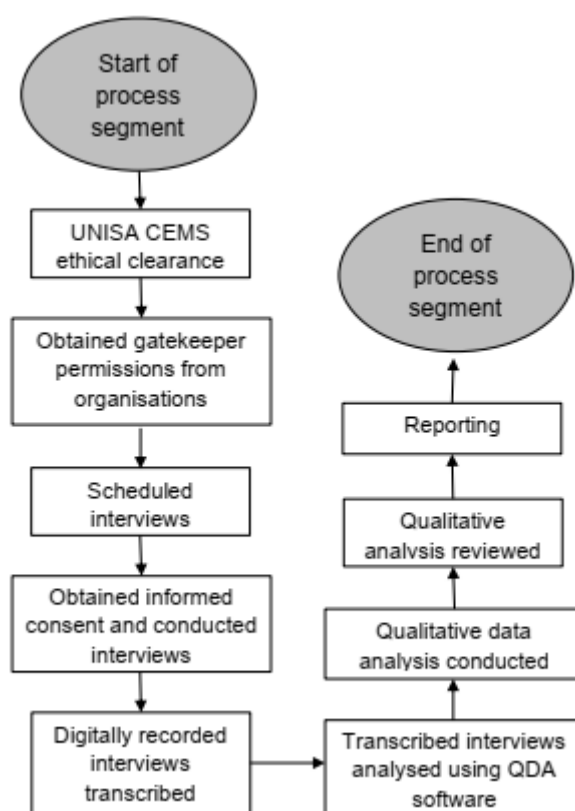
Table 4.1: Quality criteria of the research (cont'd)

Quality criteria	Quality Aspects	Application in study
Reliability/ dependability	Methodological	Methods of data collection – interviews.
	Theoretical	More than one theory – as per literature review which discussed different models of strategic management (Chapter 2, section 2.6).
	Methodology explained	As per process in Figure 4.2.
	Method applied consistently	Same questions applied to all participants.
	Relates to applicable theories	As per literature review and builds on models developed by Thompson et al. (2005:18), Thompson et al. (2017:20) and Kriemadis and Theakou (2007:34).
Validity	Replicable	Process meticulously explained in section 4.6 of this chapter.
	Record keeping	Records kept electronically and were encoded and password protected.
	Internal (authenticity)	Data collection tool was able to collect data to answer research questions.
	External (transferability)	Limited generalisability of research outcomes.
	Construct Measurement	Used multiple interviews. Theoretical constructs that guided the research.
Authenticity	Accuracy	Interviews recorded verbatim by external transcriber.
	Genuineness	Audio recording ensured that the research reflected the participants' true inputs.
	Truthfulness	Original inputs and independent transcriber and co-coder/statistician ensured truthfulness.
Trustworthiness		Data available for review by supervisors at any time.
Conformability/ objectivity		Researcher bias limited since same research instrument applied to all participants. However, some bias remained as the researcher was employed by one of these not-for-profit organisations.

Source: Adapted from Lincoln and Guba (1985) and Treharne and Riggs (2015:58)

The quality of the research process was further underpinned by the reliability and dependability of the methodical process and the replicability thereof (Miles et al., 2014:278; Leung, 2015:326; Saunders et al., 2016:205). This is demonstrated in

Figure 4.4 which is a diagram of the research process as it relates to data collection and analysis.



**Figure 4.4:** Excerpt from the research process  
Source: Own compilation

The data collection process started after ethical clearance and gatekeeper permission letters had been obtained. The ethical clearance certificate is included in Annexure B. Interviews were scheduled with the designated participants. Prior to the formal interview, informed consent was explained and all participants signed the consent forms. The interviews were digitally recorded by the researcher after agreement from all the participants and the recordings were transcribed by an external transcriber. The transcribed interviews were analysed using qualitative data analysis (QDA) software, Atlas.ti. Subsequent to the data analysis, the results were reviewed by the co-coder/statistician and then reported in Chapter 5.

#### 4.8 ETHICAL CONSIDERATIONS

Axiology concerns all ethical considerations of the research (Saunders et al., 2016:137). In terms of pragmatism, axiology holds that research should be

conducted to benefit the participants and should be value driven. Axiology or ethical considerations should be guided by four principles, namely, teleology, deontology, morality and fairness (Kivunja & Kuyini, 2017:28).

Teleology pertains to the efforts of the researcher to ensure that the research culminates in meaningful conclusions. Deontology pertains to the researcher's awareness of how actions undertaken during the process will have consequences which should be beneficial to the participants. Morality in research ethics entails the researcher upholding ethical values and codes during the research, while fairness in the research process focuses on upholding the rights and privileges of the participants (Kivunja & Kuyini, 2017:28).

The teleology of this research pertained to the benefits that the participants and society would derive from it. Accordingly, the purpose and outcomes of the study were clearly explained to all the participants. This ensured that all stakeholders were familiar with the expectations as well as the benefits that could be derived from this study. This understanding will allow organisations to implement their programmes in such a way as to deliver better services at lower costs to their beneficiaries and to the community. The improvements made by streamlining organisational processes and improving effectiveness will result in healthier communities and society as a whole.

The deontology of this research lies in the fact that the research was undertaken with integrity and rigour. The appropriate ethics approval was obtained from UNISA's College of Economic and Management Sciences (CEMS) Research Ethics Review Committee and no data collection commenced prior to receiving approval. Further, permission to conduct research was obtained from the donor organisation, PEPFAR, as well as from the Namibian Ministry for Health and Social Services. A risk assessment of this study gauged it to be a low-risk application, in that the study was expected to hold limited risks and adverse effects for the participants. Additionally, each organisation that participated in the study provided written permission to conduct research in their organisations and each participant signed a consent form indicating their willingness to participate in the research.

The participants were informed about what was expected of them and were assured of anonymity and confidentiality. The semi-structured interviews were conducted in the boardrooms of the respective participants and were digitally recorded after obtaining their consent. Participants were informed that they could suspend their participation at any stage in such a way thus ensuring their freedom to withdraw from the study. The interview schedule was applied in a similar fashion to all participants and as such all of the participants were asked the same questions. During transcription, all identifying information was removed and participants were labelled as Participant A, etc. Information relating to aspects such as employment, nationality and age were used to identify different data sets which were collected to facilitate data analysis. No private or sensitive personal issues were discussed during the interviews.

The transcriber and the co-coder/statistician both signed confidentiality agreements to ensure that the data they were exposed to were handled with discretion and the transcriber and the researcher were the only ones with access to the audio data from the interviews. They also had access to the electronic transcriptions from the interviews but the co-coder/statistician only had access to the electronic records while they were analysed. In accordance with his signed confidentiality agreement, all physical and electronic records and data were handed over after the analyses had been completed. Consequently, the researcher was the only one with access to all the data and computer-based records.

Morality, as it pertains to integrity and trustworthiness, included steps taken by the researcher to ensure that no plagiarism occurred. Accordingly, a web-based tool was used to check for originality. Additionally, the research was reviewed by the researcher's university appointed supervisors, as well as the co-coder/statistician. The coding of the transcribed research was done in tandem with the co-coder/statistician to further ensure the researcher's neutrality. Every effort was made to maintain a transparent process during the research and this is rigorously reported in this thesis. On the completion of the study, all data, physical records and electronic files will be retained for a period of five years in a secure safe at the researcher's home. These will be destroyed after a period of five years. The

supervisors may have access to the hard copies of the transcripts for quality purposes should they request them.

#### **4.9 BENEFITS TO PARTICIPANTS**

The benefits for the participants include improving strategic management in not-for-profit organisations in Namibia and ensuring that they remain sustainable in terms of three aspects, namely, financial, programme and people. The longevity of such organisations, which deliver much-needed products and services to largely underserved populations, will help to ensure the health, well-being and economic growth of a developing country such as Namibia. Participants will be able to access and use the strategic management model, as described in Chapter 6, to improve their strategic management. The application of a strategic management model, as it pertains to strategic management in not-for-profit organisations, will equip such organisations to better understand their environment and improve their strategic management in order to become more sustainable.

#### **4.10 CONCLUSION**

This chapter commenced with a discussion of qualitative research and its characteristics. This was followed with a discourse on the research paradigm and philosophy adopted in the research which was followed by a comprehensive discussion on the research approach and methodological choice pursued during the research process.

A discussion of the research strategy ensued which naturally led to a description of the data collection and analysis procedures. A further discussion ensued outlining the data sources and sampling techniques, as well as the approach to data collection and analysis. This was followed by a discussion on Atlas.ti which was the qualitative data analysis software used in analysing the data. The discussion then centred on the research evaluation, process, data and quality.

The chapter concluded with a discussion on the research ethics and related considerations that guided the research process. The next chapter will cover the data analysis component of the research.

## **CHAPTER 5: DATA ANALYSIS, RESULTS AND FINDINGS**

### **5.1 INTRODUCTION**

This chapter presents a discussion on the data analysis, results and findings. It commences by outlining the participants' and organisations' background, as well as the demographic data obtained with particular emphasis on participants' age and nationality, highest academic qualification and professional background, current position as well as tenure with the organisation. With reference to the not-for-profit organisation involved, information on organisational background and length of operations in Namibia, number of employees and stability, and the challenges faced was obtained.

The chapter continues to discuss the outcomes of each of the broad areas (sustainability, strategic management, strategic management and financial sustainability, strategic management and programme sustainability and strategic management and people sustainability) as outlined in the interview schedule. The question related to each of these broad areas are discussed and the networks depicting the relationships are presented. The segment on descriptive analysis focuses on word frequencies and a word cloud, while the component on code analysis, saturation and networks discuss the code lists, code groups, data saturation, code groundedness, and code densities. The chapter ends with a discussion of the relevance of the six networks to the research, and how these corroborate the outcomes as discussed in each thematic area of the interview schedule.

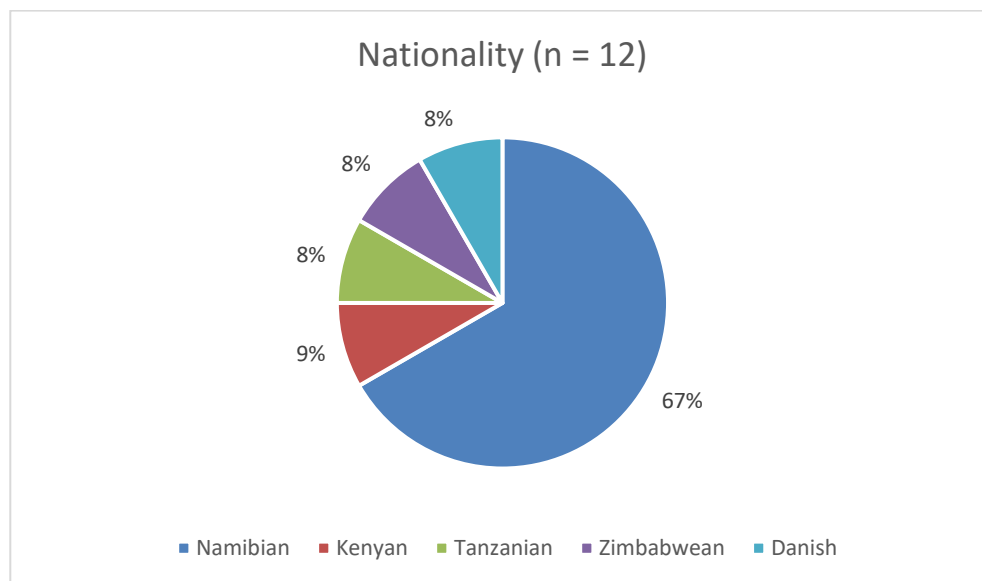
### **5.2 BACKGROUND AND DEMOGRAPHIC DATA**

General observations regarding the data collection included an overall hesitancy displayed by participants in sharing organisational information, in spite of assurances of anonymity and confidentiality. It was also very evident that the focus of most of the organisations was on the technical capability and expertise and not so much on business acumen. This was revealed by the fact that most participants had little insight into the types of financial analysis useful for decision-making. However, all of the participants acknowledged the comprehensiveness and insightfulness of the interview questions.

Section A of the interview schedule comprised of seven questions, including introductory and demographic questions. These data were collected to enable classification and lend more structure to the analysis. In this section, the demographic data will be discussed in terms of nationality and age; highest academic qualification and professional background; tenure and current position with the organisation; organisational background and length of operations in Namibia; number of employees and stability; and the greatest challenges as perceived by the participants.

### 5.2.1 Age and nationality

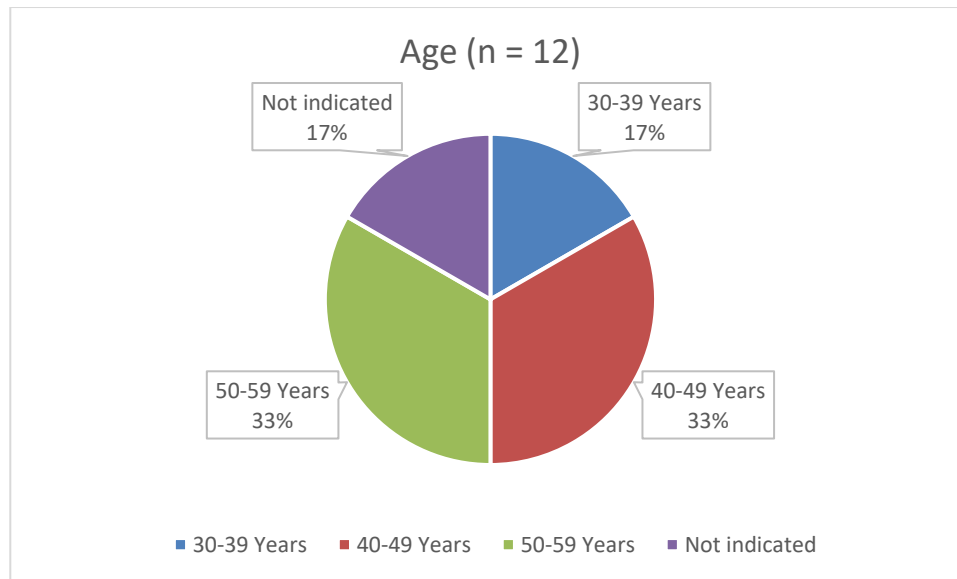
All 12 participants responded to this question. The majority of the participants were Namibian, at 67% (8), while other nationalities, at 33%, included Kenyan (1), Tanzanian (1), Zimbabwean (1) and Danish (1). Refer to Figure 5.1.



**Figure 5.1:** Nationality of participants

Source: Own compilation

The age categories of participants were more balanced, as depicted in Figure 5.2. Accordingly, 17% of participants fell into the 30 to 39-year category, 33% into the 40 to 49 years category, and 33% into the 50 to 59 years category. Seventeen percent (2) of the participants declined to answer this question.

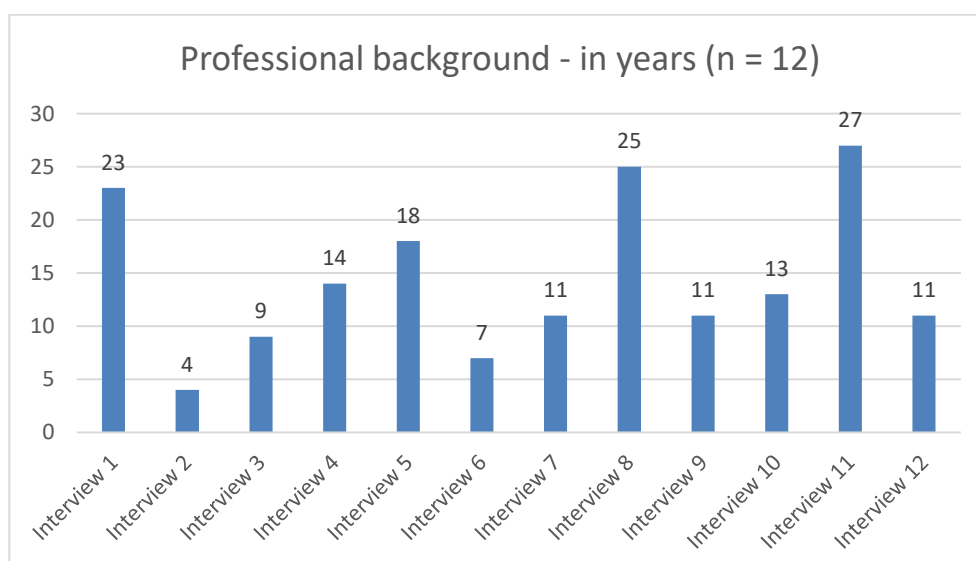


**Figure 5.2:** Age of participants

Source: Own compilation

### 5.2.2 Highest academic qualification and professional background

Responses in this category indicated that all participants had undergone tertiary education. Two of the participants had bachelor's degrees, eight had a master's level education, while another two participants were trained medical doctors. In terms of professional background experience, the responses varied significantly between four and 27 years of experience in the not-for-profit organisations, as shown in Figure 5.3.



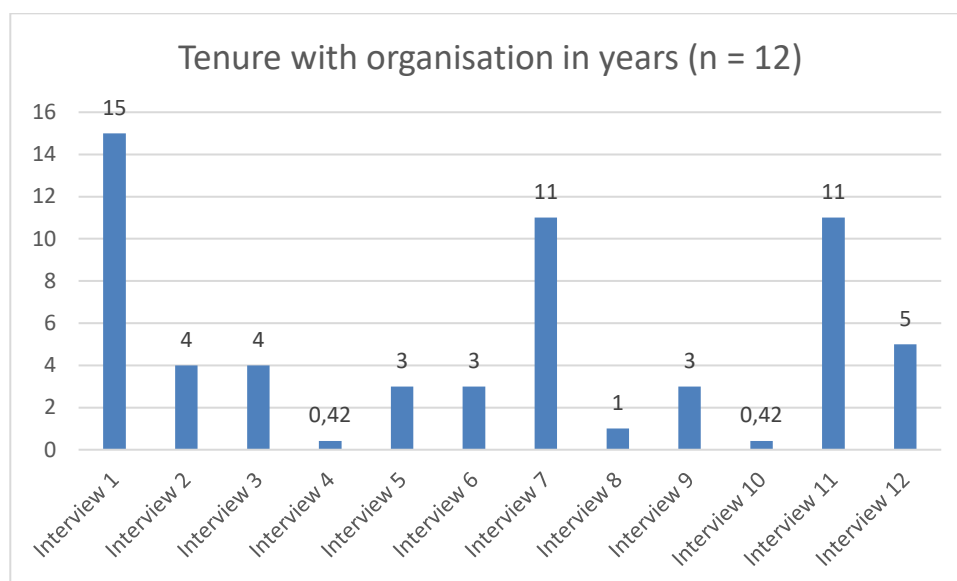
**Figure 5.3:** Professional background experience

Source: Own compilation



### 5.2.3 Tenure with organisation and current position within the organisation

When asked to indicate the participant's tenure with the current organisation, eight participants indicated a tenure of less than five years (Figure 5.4). This is consistent with the usual length of project funding. The three participants with tenure of more than ten years worked with the international organisations and are stationed at the organisation's branch in Namibia.



**Figure 5.4:** Tenure with organisation  
Source: Own compilation

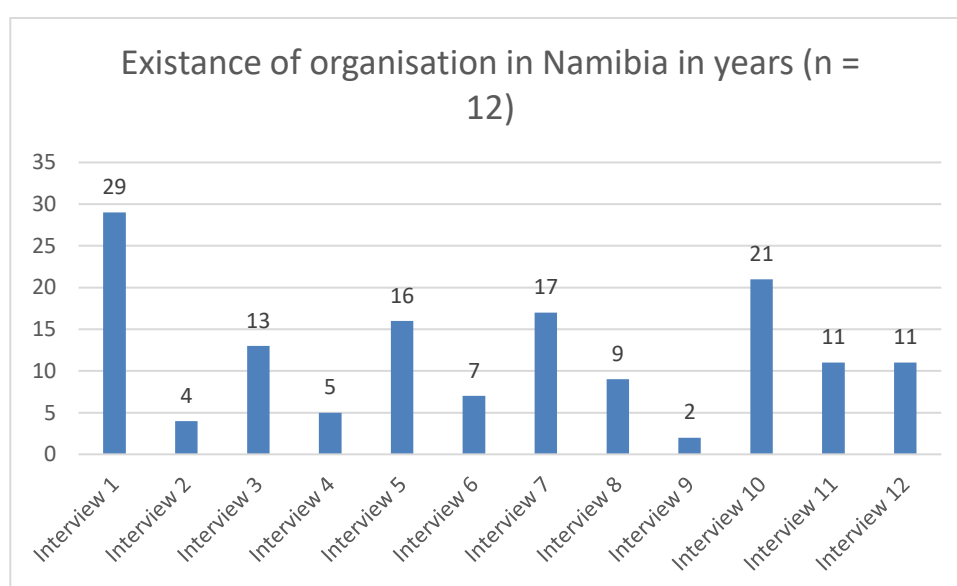
All 12 participants were in a senior position in their respective organisations. Eleven of the participants filled the position of Country Director or Chief of Party (highest position within donor-funded organisations), while one participant was the Finance Director (senior position within the organisation).

### 5.2.4 Organisational background and length of operations in Namibia

In terms of organisational background, all of the participants were employed by donor-funded organisations in the field of HIV/AIDS. The services offered by these organisations in the field of HIV/AIDS addressed male circumcision and cervical cancer, HIV/AIDS and behaviour change advocacy, HIV testing, clinical services, data, psychosocial support, human resources for health, systems strengthening, pharmaceutical supply and/or behaviour change. These formed the main activities of all the participants. Additionally, all participants were funded by PEPFAR through

funding agencies such as USAID and the Centers for Disease Control (CDC). The period of funding for each of the organisations was dependent on the length of the project which is, typically, five years.

Some organisations had been operating for longer periods of time, but this was because they had been successful in obtaining new projects after the existing projects had come to an end or the current projects had been extended. The average length of time these organisations had been operating in Namibia was 12 years, albeit with large variances of between two and 29 years, as seen in Figure 5.5.



**Figure 5.5:** Existence of organisation in Namibia  
Source: Own compilation

Eleven of the organisations were affiliated with other larger organisations with either regional (in southern Africa) or global representation. One organisation did not have such affiliations as their focus was solely on providing psychosocial support and was community-based.

### 5.2.5 Number of employees

Table 5.1 indicates the number of people employed by the organisation. The total number of people employed by the 12 organisations totalled 1 185, and the largest number was distributed between three organisations, with 46% (550), 21% (250) and 19% (220) respectively. This is of importance as a national labour force survey

conducted in 2014 concluded that total employment in the not-for-profit sector amounted to 3 521 workers (Republic of Namibia. NSA, 2015:59). Thus, it may be concluded that employment provided by the 12 organisations in the study constitutes a significant portion of the total employment for this sector.

**Table 5.1: Number of employees**

Participant	Number	Percentage
Interview 1	550	46
Interview 2	4	0
Interview 3	30	3
Interview 4	14	1
Interview 5	220	19
Interview 6	44	4
Interview 7	9	1
Interview 8	250	21
Interview 9	11	1
Interview 10	37	3
Interview 11	4	0
Interview 12	12	1
<b>TOTAL</b>	<b>1 185</b>	<b>100</b>

Source: Own compilation

Seventy-five percent of the participants indicated that they have experienced fluctuations in the number of employees in the last three years. Participants ascribed this fluidity to changes in project requirements which affect budgets and consequently staffing numbers.

#### **5.2.6 Greatest challenges faced by the organisation**

This question prompted participants to reflect on the greatest challenges their respective organisations had come up against. Participants highlighted limited and erratic funding as a challenge, with one participant observing that *“Our biggest challenge is to secure funding so that we can keep the level of community activities”* (Interview 1). Another participant observed *“to have enough funding to do what we need to do. So, fundraising, access to funding, is a serious issue”* (Interview 4), and

*“being unsure of what resources you would get when, that’s one of the biggest challenges” (Interview 7).*

Other challenges related to staffing, changing donor agendas, Namibia’s current economic struggles and its ranking as an upper-middle income country, as well as the challenge of ensuring that stakeholder expectations, including those of beneficiaries, are met. These challenges will be further expanded on when specific questions are addressed in the next sections. The results obtained from sections B to F of the interview schedule will be examined next. Each question in the sections will be discussed individually and each is linked back to the theme in the interview schedule and the resulting network, which explains the relationships by thematic analysis.

Thematic analysis sought to identify patterns and importance of such patterns as they relate to the research themes and research questions. Themes were identified and then named to capture the substance and extent of the import of data. In this regard, it is essential to organise different and diverse data into constructs that are useful for making inferences and for theoretical development (Braun, Clarke, Hayfield & Terry, 2019:3). The networks for each thematic area were then visually represented and it should be noted here that the grey bars in the figure are representative of the code densities and code groundedness. These are further explained in section 5.6 of this chapter.

### **5.3 SUSTAINABILITY**

Section B of the interview schedule comprised three questions, the aim of which was to understand the participants’ interpretation of sustainability, the most important aspects thereof, and how these are addressed in their organisational strategy.

#### **5.3.1 Understanding of sustainability**

In terms of understanding of sustainability (question 8), all the participants had a reasonable understanding of sustainability with participants observing that: *“Sustainability is the ability of the organisation to remain in business or to ensure that it remains or continues to provide services that it should be providing, of course*

*with the availability of the needed resources. How do you ensure that you've got the needed resources for you to continue business as usual? That's sustainability, for me* (Interview 2), *"remain responsive to the environment"* (Interview 5), *"need for an element of resilience"* (Interview 5), *"should be able to secure resources to continue"* (Interview 7), *"any shocks that come need to be absorbed and need to be managed well"* (Interview 5), *"sustainability means being able to stand on your own feet"* (Interview 7), *"remain responsive to the environment"* (Interview 5), and *"having a proper strategy on how the organisation will continue to operate"* (Interview 9).

### **5.3.2 Characteristics of organisational sustainability**

Participants highlighted the characteristics of organisational sustainability (question 9) to include: *"Need to ensure that the work that we support the Ministry of Health will continue even in the absence of US Government funding"* (Interview 3), *"It's the ability for the country and, in turn, for the organisation to sustain the gains that have been made in whatever interventions that we have been making"* (Interview 4), *"The capacity that has been built and the capacity that has been established is such that it continues in terms of all the benefits and outcomes that it has produced but also that it not only has capacity to sustain what is currently there but there needs to be capacity to innovate as well"* (Interview 5) and *"Since this is a donor-funded project, then the money will not be there forever. So, the idea is transfer the knowledge and the skills we have to the Namibian Ministry of Health so that, when the donor funds is out, then the government will take over and provide the services"* (Interview 6). From these responses, it may be concluded that organisational sustainability is associated with the continuity of funding, programmes and skills.

### **5.3.3 Sustainability aspects or determinants addressed at a strategic level**

On exploring whether sustainability aspects or determinants are addressed in the strategic plans (question 10), responses varied widely. It was reported that some organisations have incorporated certain aspects as may be seen from the following excerpts: *"But, as managing director, then I also have a role to play in that because I, with the key staff, also has to take responsibility for strategic planning and evaluation of what we have done and where we are heading and what are our*

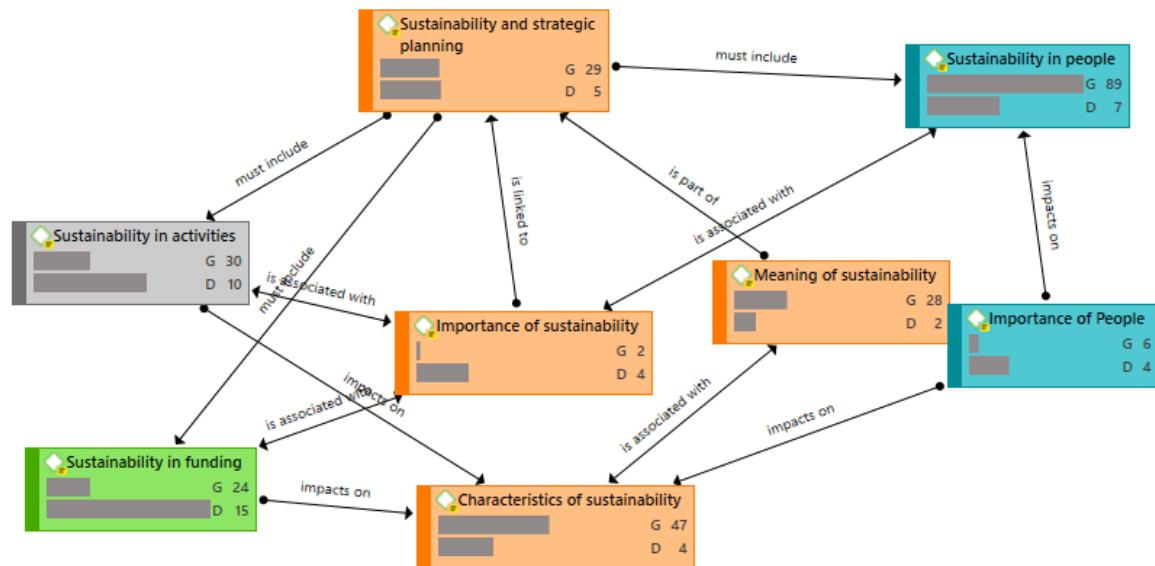
*opportunities and what is realistic and not realistic” (Interview 1), “but it is embedded in the strategic plan as there is a component of sustainability which outlines exactly what the plans are to be undertaken and what are the results” (Interview 2), “we are contracting out services” (Interview 8). Other participants were in the process of developing strategic plans as is articulated in the following extracts: “As far as I can remember, had these short-term plans, workplans or annual plan, but I think the focus is also now to look at a longer-term plan” (Interview 3), “currently developing a strategic plan” (Interview 4) and “re-strategising, restructuring how we are going to look in the future” (Interview 11).*

The network on the importance of sustainability, as shown in Figure 5.6, depicts that the meaning of sustainability is encapsulated in the construct of sustainability and strategic planning and is associated with the characteristics of sustainability. Sustainability and strategic planning should include sustainability in people, and sustainability in activities; that is, triangular sustainability as proposed in Chapter 3 (section 3.9).

When the responses regarding sustainability were thematically analysed, the relationships demonstrated that the importance of sustainability was linked to sustainability and strategic planning and associated with sustainability in funding, sustainability in activities and sustainability in people. Consequently, the importance of people has an impact on the sustainability in people and the characteristics of sustainability. The characteristics of sustainability were impacted by sustainability in funding, sustainability in activities, and sustainability in people and are associated with the meaning of sustainability. In addition, the importance of sustainability was linked with sustainability and strategic planning.

Linking these findings back to the literature, sustainability also includes “sustainable products and services” (Gauthier, 2017:89) and is in line with the type of environments in which not-for-profit organisations operate in. Witmer and Mellinger (2015:255) argue that organisational resilience is important for not-for-profit organisations, especially in the light of the unstable economic environment and reduced funding (Chapter 3, section 3.8.1) (Tu, 2015:30; Aschari-Lincoln & Jäger, 2016:613). In their pursuit of sustainability, not-for-profit organisations must enhance their operations and minimise costs and, in this way, improve

organisational learning and adaptability (AL-Tabbaa et al., 2014:659; Singh & Bodhanya, 2014:352; Satar et al., 2016:116; Mourão & Enes, 2017:836). The importance of integrating sustainability into strategy emerged as a critical focus area for not-for-profit organisations (Chapter 3, section 3.8.3) (Singh & Bodhanya, 2014:350; Satar et al., 2016:116; Baumgartner & Rauter, 2017:90).



**Figure 5.6:** Importance of the sustainability network  
Source: Own compilation

From the responses, literature and analysis of the data and the network, it is clear that participants' understanding of sustainability and the characteristics of sustainability aligns. Sustainability is an important component of strategic management and is evidenced in both the literature and the responses.

## 5.4 STRATEGIC MANAGEMENT

Questions covering strategic management in part C of the interview schedule included five questions that investigated the participants' understanding of strategic management, how strategy is developed and implemented in their organisations, who the parties are that are involved, how the implementation of the strategy is evaluated, and how the strategic management process is improved.

#### **5.4.1 Understanding of strategic management**

Participants had a good understanding of strategic management (question 11) and interpreted the meaning as follows: *“Then we see where can we put what we are best at, where can we place ourselves so that we can be part of making a good difference”* (Interview 1), *“What can we do to keep ourselves in business for the next five years? That’s strategic management, for me.”* (Interview 2), *“It’s ensuring that you have the resources, both financial, human, and operational, to do what you need to do, I think that’s strategic management, but knowing the environment in which you operate”* (Interview 4) and *“basically looking to the future and positioning the organisation to continue to thrive into the future”* (Interview 9).

#### **5.4.2 How strategy is developed and implemented**

In terms of how strategy is developed and implemented (question 12), participants focused mainly on the project implementation rather than the overall strategy implementation. Their responses involved the following: *“Divided the work into projects and each project has a project leader who’s responsible for the day-to-day operation”* (Interview 1), *“We are very much the implementers in-country of some of those grants, but it’s been very, very strongly grant driven so far”* (Interview 5) and *“We implement the project strategy which really is ensuring that we have scanned the environment to see how to position the project to implement the objects that are set out”* (Interview 9).

#### **5.4.3 Parties involved in strategic management**

When probed about the parties involved in strategic management (question 13), the responses included board members, staff members, managers, management consultants, the Ministry of Health and Social Services, the US government, donors and the responding organisations’ international offices.

#### **5.4.4 How strategy is evaluated**

Participants responded that strategy evaluation (question 14) is closely linked to performance evaluation of the project: *“monitor the activities in the field and work together with the project”* (Interview 1), *“haven’t evaluated the long-term one but I*



would say short-term” (Interview 2), “because the donor money is also very prescriptive. It’s like you have certain things you need to accomplish but also certain activities that you need to have in your plan” (Interview 3), “programme does conduct programme reviews” (Interview 7), “We report against the targets, the quarterly targets or the monthly targets, and then we feed into the system and we report to the donors” (Interview 10) and “you do it periodically, obviously depending on your donors” (Interview 10).

#### **5.4.5 Improvements to the strategic management process**

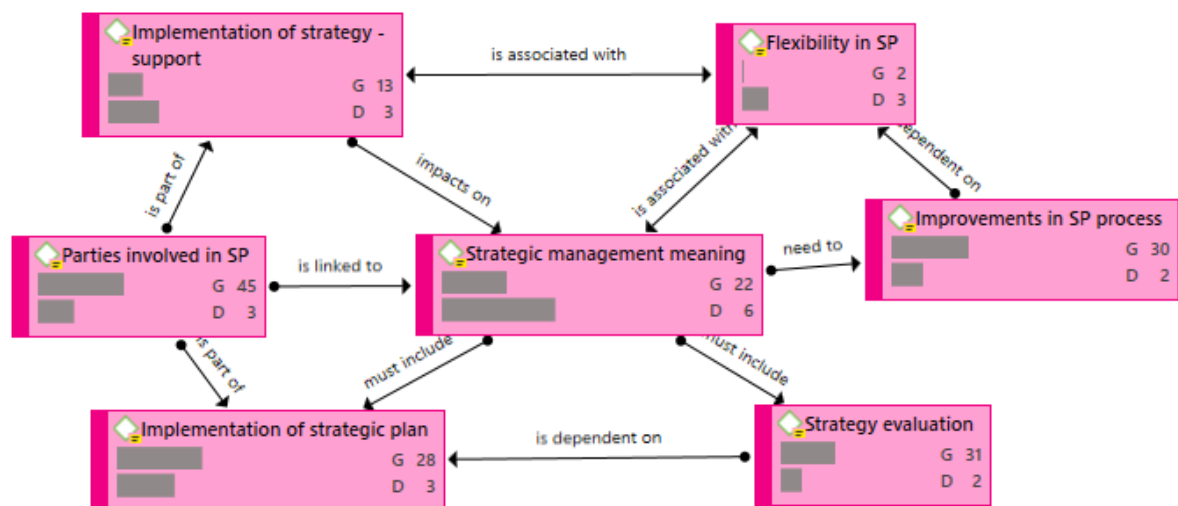
On improvements to the strategic management process (question 15), responses included the following: “always improved with better leadership” (Interview 1), “need to train and upgrade ourselves all the time to do that ” (Interview 1), “don’t always see your shortcomings without digging deeper and analysing” (Interview 1), “no focus that is outside of your current programme description” (Interview 3), “has to look at many other options also in terms of potential funders” (Interview 5), “more self-evaluation” (Interview 7) and “involvement of the partners” (Interview 12).

Figure 5.7 demonstrates the relationships that exist in the strategic management meaning network. The meaning of strategic management should include the implementation of strategic plans and the evaluation of strategy. In turn, the evaluation of strategy is dependent on the strategy implementation. The implementation of the strategic plans is undertaken and supported by the parties involved in strategic planning. In the network, these parties are linked to the meaning of strategic management.

The meaning of strategic management should include improvements to the strategic planning process, and these improvements are dependent on the flexibility of strategic planning. Flexibility in strategic planning is associated with the meaning of strategic management and support for the implementation of the strategy.

The relationships displayed in this network are indicative of the components that participants deemed important for strategic management. Components such as flexibility in strategic planning, improvements in the strategic planning process, implementation of strategy and strategy evaluation should therefore be considered in the strategic management model which will be presented in Chapter 6.

The extant literature which supports strategic management in not-for-profit organisations states that it is needed to address organisational challenges including sustainability (Chapter 3, section 3.8.3) (Zajontz & Leysens, 2015:9; Aschari-Lincoln & Jäger, 2016:614; Maier et al; 2016:7&71; Ungerer et al., 2016:15; Mourão & Enes, 2017:825; Laurett & Ferreira, 2018:8). The literature also outlines the components of strategic management (Chapter 2, section 2.6) including the development and implementation (Kriemadis & Theakou, 2007:34; Thompson et al., 2017:20). According to the literature, the parties involved in strategic management includes employees, the board of directors and beneficiaries (Verschuere et al., 2014:177; Witmer & Mellinger, 2016:255). The literature also supports the evaluation of strategies and improvements thereof (Chapter 3, section 3.8.3) (Witmer & Mellinger, 2015:255; Pietrzak & Paliszkievicz, 2015:152; Laurett & Ferreira, 2018:8).



**Figure 5.7:** Strategic management meaning network

Source: Own compilation

The responses and analysis of the data and the network clearly demonstrated that the participants' understanding is reflective of the literature. Similarly, the participants understood the development and implementation of strategy according to the literature albeit at a project level. In terms of the parties involved in strategic management, the responses and analysis were aligned to the extant literature. The responses, literature and analysis of the data and the network corroborates the importance of strategic management evaluation and improvement thereof.

## **5.5 STRATEGIC MANAGEMENT AND FINANCIAL SUSTAINABILITY**

Section D of the interview schedule comprised five questions covering strategic management and financial sustainability. Questions in this section related to the fundraising initiatives included in the strategy, the impact of changes in funding and donor requirements, preparation for, and managing of anticipated and unanticipated changes in funding and donor requirements, and how financial analysis is conducted to assist in strategic planning, the number of donors and contingency plans in place if funding should end.

### **5.5.1 Fundraising initiatives**

The responses to the question on fundraising initiatives included in the strategy (question 16) are heavily reliant on donor funding and have limited funding initiatives to ensure funding apart from donor funds. This is demonstrated in the following statements: *“different options and, because our work here is project-based so, if there’s no project that you implement, it means you don’t have work”* (Interview 3), *“As I’ve said, we haven’t done it but it’s something we have been looking into it as a Namibia office”* (Interview 6), *“we cannot raise funds locally”* (Interview 7) and *“strategy for fundraising but we just haven’t embarked on it. We are busy actually developing a strategy”* (Interview 10).

### **5.5.2 Impact of changes in funding and donor requirements**

In terms of the impact of changes in funding and donor requirements (question 17), all participants agreed that such changes have a major impact on programme implementation and operations. These responses included the following: *“If the funding goes down, that means it has a lot of impact on HR”* (Interview 6) and *“If the funding has decreased, it has an impact on your goals, your targets, on the community, and overall on the employees because, if funding has decreased, there’s a lot of other people that are affected by decrease in funding”* (Interview 10).

### **5.5.3 Preparation and management of changes**

Responses to how organisations prepare for and manage anticipated or unanticipated changes (question 18) included the following: *“Losing money always*

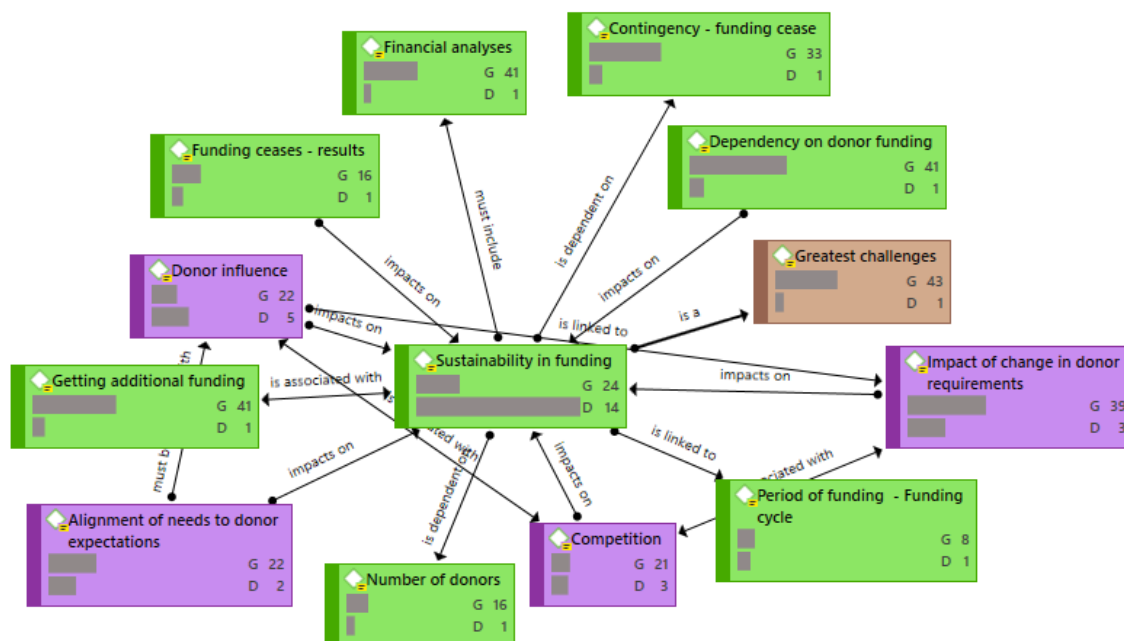
*will introduce vulnerability in an organisation, losing funding, losing projects” (Interview 8), “see a lot of that where priorities shift quite a bit and something that, at project inception, was not such a major area suddenly becomes very urgent and that may destabilise the plan that was there” (Interview 9) and “If the funding has decreased, it has an impact on your goals, your targets, on the community, and overall on the employees because, if funding has decreased, there’s a lot of other people that are affected by this decrease in funding” (Interview 10).*

#### **5.5.4 Financial analysis**

Regarding conducting financial analysis (question 19) to assist in strategic planning, organisations indicated that they mainly conducted such analyses with regard to their projects. These included budgeting and monitoring spending and some of the responses related to cash flow, resource planning, spending rates and expenditure analysis.

#### **5.5.5 Number of donors and contingency plans in place**

This question (question 20) sought to ascertain the number of donors and the contingency plans in place should funding end. In response, most of the participants indicated that their organisations were totally reliant on a single donor and that they would cease to exist if the funding should end. Responses included: *“You are simply dependent on the donor funding” (Interview 1), “our main donor and, if they pull out, it’s going to be a problem” (Interview 2), “This lack of reliability” (Interview 7) and “If funding will cease today, then unfortunately, the project will cease” (Interview 9).* Additionally, organisations did not indicate any contingency plans for when funding ends and mostly focussed on obtaining new awards to ensure the viability of the organisation. Figure 5.8 visually demonstrates the relationships that affect the sustainability of funding.



**Figure 5.8:** Sustainability in funding network  
Source: Own compilation

The network on sustainability in funding, as per Figure 5.8, maintains that donor expectations, donor influence, results if funding ceases, dependency on donor funding, impact of change in donor requirements and competition all have an impact on the sustainability of funding. Additionally, sustainability in funding is one of the greatest challenges that the participants faced and is linked to the period of funding or the funding cycle. Funding sustainability is dependent on the number of donors and thus to determine the sustainability of funding, financial analyses should be done.

The literature supporting the importance of considerations on financial sustainability in strategic management included that not-for-profit organisations must remain financially viable in order to remain sustainable (Chapter 3, section 3.9.1) (AL-Tabbaa et al., 2014:663, Charles & Kim, 2016:867; Laurett & Ferreira, 2018:1). The literature further emphasised the diversification of funding sources and the use of financial analyses to determine financial health and to guide strategic thinking for sustainability (Chapter 3, section 3.9.1) (Epperly & Lee, 2015:178; Iwu et al., 2015:9564; De los Mozos et al., 2016:2644; Prentice, 2016:889; Mourão & Enes, 2017:825). In terms of the capacity to change in the face of changing donor requirements, the literature (Chapter 3, section 3.9.1) supports that not-for-profit

organisations need to be flexible to remain effective (Singh & Bodhanya, 2014:351; Iwu et al., 2015:9562). The literature also recommends the not-for-profit organisations need to consider donor agendas and the number of donors as contingency plans for sustainability (Singh & Bodhanya, 2014:351; De los Mozos et al., 2016:2644; Mourão & Enes, 2017:824).

From the responses, literature and analysis of the data and the network, it is clear that participants considered funding to be a key component of sustainability and, as such, it should be included in strategic management. Sustainability in funding forms part of the concept of triangular sustainability and should play an integral part when it comes to crafting strategies.

## **5.6 STRATEGIC MANAGEMENT AND PROGRAMME SUSTAINABILITY**

Five questions covering strategic management and programme sustainability (section E of the interview schedule) were included. These were aimed at capturing responses on performance targets and its impact on society, the quality and efficiency of the impact and targets of programmes implemented, meeting the needs of beneficiaries or communities, and if there are other not-for-profit organisations delivering similar services.

### **5.6.1 Performance targets**

With regard to reporting on performance targets (question 21), participants responded that targets are set by the donor and are project specific, and are reported on a monthly, quarterly and annual basis. Responses capturing this aspect included the following: *“look at what the data says for the country and determine what targets, and we’re required by the donor to report on those targets”* (Interview 3) and *“90-90-90 cascade, and those are the key indicators that all organisations are being held to”* (Interview 5).

### **5.6.2 Impact of targets on society**

Regarding how these targets adequately capture the impact of programmes on society (question 22), participants had the following to say: *“At every opportunity, we try to ensure that the donor is sensitised to the needs of the communities that*

we serve (Interview 7) and *“I think the impact of the society involved in these targets is really impacting on the healthier they get”* (Interview 12). From these responses, it may be concluded that participants agreed that donor targets adequately capture the impact of programmes on society.

### **5.6.3 Quality and efficiency of programme target implementation**

When the discussion focused on quality and efficiency of the impact and targets of the programmes implemented (question 23), all the participants indicated that they apply some form of quality measure and improvements when doing their monthly, quarterly or annual reporting. This is done to ascertain how the gains have been made and how further improvements may be brought about by means of their monitoring and evaluation systems.

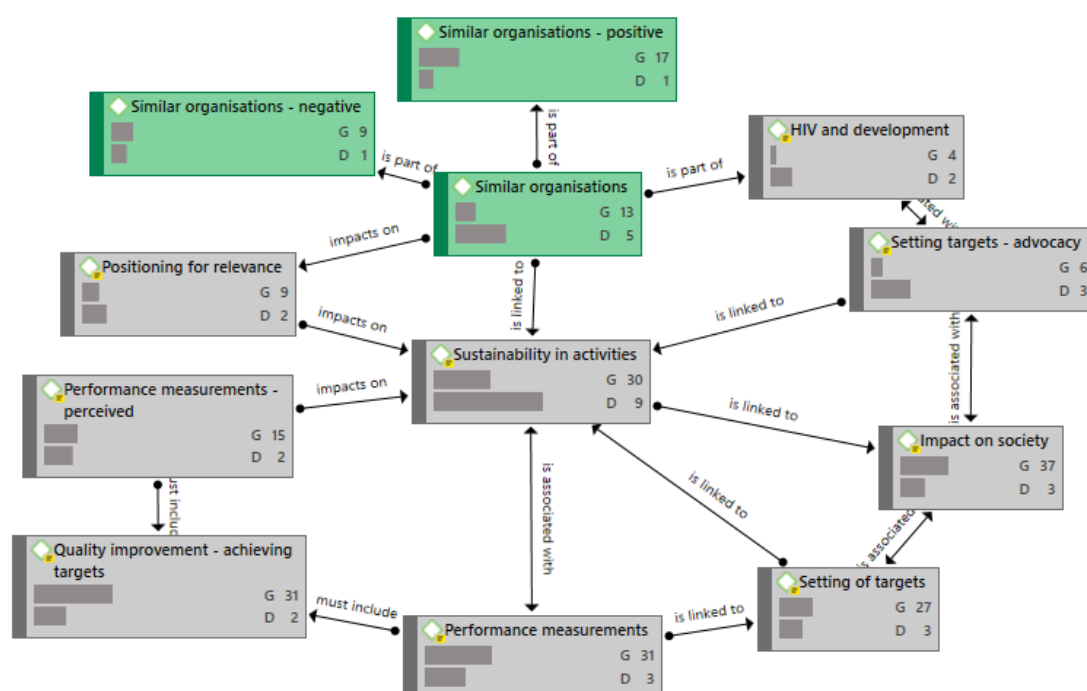
### **5.6.4 Alignment of beneficiaries’ or communities’ needs with donor expectations**

This question (question 24) related to whether the needs of beneficiaries or communities are aligned to those of the donors. Accordingly, all participants’ responses acknowledged that sometimes there is a misalignment. Responses included the following: *“If you have a partner that has been delivering clinical services and all of a sudden that partner is asked to stop by thirtieth September, what impact will that have on the woman who is on treatment?”* (Interview 4), *“but the gains that we got are going to be lost in the next few months to years. It will be in the interest of the funder to protect the gains over the years through sustained funding”* (Interview 7) and *“You just have to work within what you have because, if you can’t afford somebody, somebody will not come and work for you, and I think that is the language that the donors do not understand”* (Interview 10).

### **5.6.5 Organisations delivering similar services**

On being asked if there are organisations that deliver similar services (question 25), all the participants answered in the affirmative with subtle differences in the types of services with each organisation focussing on a particular area such as clinical care, social support, and pharmaceuticals. Two organisations specialised only in information and data, while another specialised only in community services and

psychosocial support. The following figure, Figure 5.9, visually depicts the relationships in the network on sustainability in activities.



**Figure 5.9:** Sustainability in activities network

Source: Own compilation

In the network for sustainability in activities (Figure 5.9), setting of targets and advocacy for target setting are linked. In turn, sustainability in activities is linked to the impact on society and to similar organisations in the field of HIV and AIDS. Similar organisations impact on the organisation's ability to position themselves for relevance, while positioning for relevance and how performance measures are perceived by the donors' impact on the sustainability of activities.

In terms of the sustainability of their programmes, participants had the following to say: *"very important to secure a sustainable level of activity"* (Interview 1), *"we have short-term plans which are more of operational"* (Interview 2) and *"uncertainty and it affects the way we operate"* (Interview 7). These responses indicate the need for programme sustainability to ensure organisational sustainability and that these in turn form part of the triangular sustainability.

Further, sustainability in activities is associated with performance measurements which should include quality improvement in terms of achieving targets.



Performance measurements are linked to the setting of targets that are associated with the impact of activities on society and HIV and AIDS.

The impact of programme performance on organisational sustainability is an important component to consider in strategic management of not-for-profit organisations (Chapter 3, section 3.9.2) (Chen, 2015:6; Charles & Kim, 2016: 879). The literature supports that there is a misalignment between donor expectations and the needs of the beneficiaries and communities and that the impact is often diluted (Chapter 3, section 3.9.2) (Salamon & Toepler, 2015:2163; Zatepilina-Monacell, 2015:217; Kaloudis, 2017:103). The literature also supports that performance targets are usually set by donors and not-for-profit organisations are evaluated based on their performance in terms of quality and efficiency (Chapter 3, section 3.9.2) (Chen, 2015:4; Walton et al., 2016: 2776). Since donor funding reduced steadily, not-for-profit organisations need to improve their programme efficiency and delivery and should seek synergies with other similar organisations (Chapter 3, section 3.9.2) (AL-Tabbaa et al., 2014:662; Leipnitz, 2014:17; Singh & Bodhanya, 2014:351; Satar et al., 2016:116; Mourão & Enes, 2017:824).

The responses and analysis of the data and the network demonstrated that the participants considered programme quality and impact to be another key component of sustainability and, as such, it should be included in strategic management. Similarly, it can be concluded that alignment between donor expectation and the needs of the beneficiaries and communities should be considered in strategic management. Programme sustainability should be considered as an important aspect in strategic management as it forms part of the concept of triangular sustainability.

## **5.7 STRATEGIC MANAGEMENT AND PEOPLE SUSTAINABILITY**

The last section of the interview schedule (section F) concerned strategic management and people sustainability. In this section, six questions were covered, and these included the skills and capabilities to complement the development and implementation of the strategic plan, the impact of differences in remuneration packages on the talent in the organisation and its management, the quality and skills composition of staff in the organisation, the quality of technical expertise,

programme management skills, managerial ability and business acumen, and the management of talent retention.

### **5.7.1 Skills and capabilities of boards of directors**

Participants indicated that the skills and capabilities of their boards of directors (questions 26) were important for strategic management, however, only 50% (six) of the organisations had a (local) board of directors. Responses from these six organisations included *“So, it’s a very resourceful board but it’s also a board that wants to contribute”* (Interview 4), *“we are normally selecting them based on their skills”* (Interview 8) and *“The board of directors are placed in such a way that they have some knowledge of the industry”* (Interview 10).

### **5.7.2 Differences in remuneration packages**

Responses on how differences in remuneration packages impact the talent of employees in not-for-profit organisations (question 27), participants indicated that even if they benchmark their salary scales, this is usually done against other not-for-profit organisations and not against the remuneration packages of for-profit organisations. *“It’s not always easy to find the right skills in the market”* (Interview 9), *“skewed remuneration for people who may be about the same level”* (Interview 9), *“attracting talent is not easy”* (Interview 9) and *“the supporting staff is where the problem lies ’cause they’re not remunerated we’re not able to attract the best of the best, now we have to do with the third or fourth grade”* (Interview 10).

### **5.7.3 Managing differences in remuneration packages**

Participants mentioned that their organisations manage differences in remuneration packages for the employees (question 28) by means of additional training, more managerial support and sourcing talent from outside the country. These strategies are demonstrated in the following responses: *“to be more focused on admin than strategic because now you have to support these guys”* (Interview 10) and *“We cannot only say the talent pool lies in Namibia, we do have a talent pool outside there where we can sort of draw and make sure that the activities are implemented in the most efficient and effective way”* (Interview 11).

#### **5.7.4 Quality, skills and technical expertise composition of staff**

When questioned about the quality and skill composition of staff (question 29), and quality of technical expertise, all the participants indicated that they deemed these to be adequate for their organisational needs. Participants further mentioned that their technical expertise was some of the best which reflect the organisations' approach to recruit technical capability to ensure programme outcomes (question 30): *"think we have very competent staff. It's one of the best, I think, skillset I have ever managed"* (Interview 4), but that they needed to expand business acumen: *"managerial ability of my staff, I think it's quite good. The business acumen, that's probably what we need to work on because, increasingly, we are required to work on that more"* (Interview 4).

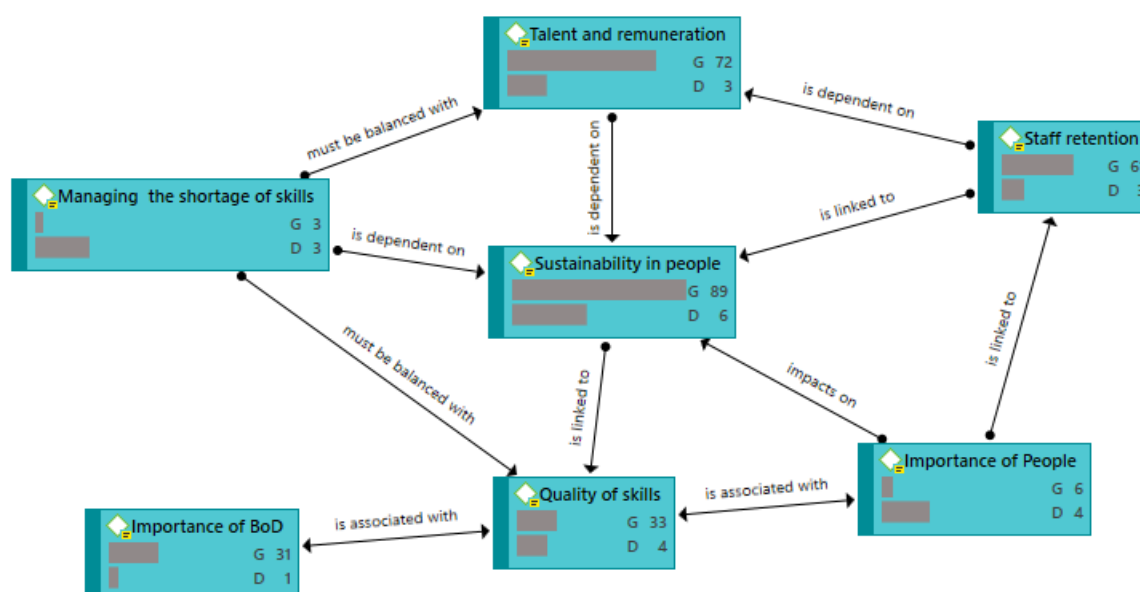
#### **5.7.5 Managing talent retention**

Regarding how talent retention was managed in terms of project-based funding (question 31), it was indicated that this is an issue for all organisations. Organisations generally do not have the financial capacity to retain talent after the project funding has ended. Participants responded as follows: *"It's also important to ensure that their jobs are still there"* (Interview 1), *"in terms of our HR, all our contracts are based on the funding available"* (Interview 6), *"I have nothing to offer to keep them beyond the project"* (Interview 7) and *"yes, you also lose your technical staff"* (Interview 10).

When these data were thematically analysed, the relationships for sustainability network echoed the participants' responses. In the network, Figure 5.10, sustainability and people were linked to staff retention and quality of skills. Sustainability in people was also dependent on managing the shortage of skills and talent, as well as remuneration. The importance of people is associated with the quality of skills and the importance of the board of directors.

The responses and analysis of the data and the network clearly indicate the importance of people in creating sustainable organisations. People sustainability is one of the key concepts of triangular sustainability and should be a pillar of the strategic management process. In these organisations, people (people sustainability) are needed to demonstrate competence to, firstly, obtain funding

(funding sustainability) and, secondly, to ensure programmes are well implemented (programme sustainability), such that the organisation remains viable.



**Figure 5.10:** Sustainability in people network

Source: Own compilation

People are an important component for not-for-profit organisations achieving sustainability and should be included in their strategic management. When these findings are linked to the extant literature, the board of directors is seen as vital to strategic management (Chapter 3, section 3.9.3) (Singh & Bodhanya, 2014:350; Chen, 2015:2; Qu & Osili, 2016:20). In addition, the lower remuneration structures of not-for-profit organisations influence skills retention and the quality of skill and technical expertise which can be attracted (Chapter 3, section 3.9.3) (Hamman & Ren, 2013:212; Zajontz & Leysens, 2015:16; Viganó & Salustri, 2015:161; Aschari-Lincoln & Jäger, 2016:615; Maier et al., 2016:75; Mourão & Enes, 2017:824). Not-for-profit organisations should consider the positive economic impact of the sector to advocate for improved remuneration and talent retention (Chapter 3, section 3.9.3) (Hamman & Ren, 2013:211; Salamon et al., 2013:15; Viganó & Salustri, 2015:161).

The responses, literature and analysis of the data and the network clearly demonstrates the importance of people in strategic management and sustainability. People are the third construct in the triangular sustainability concept and is as important as the financial and programme constructs. In fact, one would need the

people to implement the programmes successfully such that the organisation could get more funding. Thus, it is another important consideration in strategic management and sustainability.

### 5.8 DESCRIPTIVE ANALYSIS

In qualitative research, descriptive analysis is used to describe frequencies, averages and percentages, and focuses on the literal aspects of the data in order to infer their importance (Nassaji, 2015:129). This section describes the qualitative data collected descriptively in terms of word frequencies and a word cloud. Word frequencies refer to the number of times words are mentioned in the interviews, while word clouds are visual representations of word frequencies. Descriptive analysis forms part of the data-level analysis and is useful during the conceptual-level analysis (Atenstaedt, 2017:231; Friese, 2018:21).

#### 5.8.1 Word frequency

Analysis of the word frequencies commenced with data cleaning, which was done with the assistance of a statistician. During this process all irrelevant words, such as is, then, there, they and with, were removed. The words included in Table 5.2 are considered by the researcher to be key terms. The total number quoted is taken from the interview transcripts which contained only the participants’ responses, the interview questions having been removed. All the transcripts, that is of all 12 interviews, were considered when the word frequencies were analysed.

**Table 5.2: Word frequencies**

Word	Total number of times quoted for all interviews	Average per participant/ interview
Finance	61	5
Funding	333	28
Grants	20	2
People	219	18
Personnel	9	1
Programme	146	12
Project	197	16



Table 5.2: Word frequencies (cont'd)

Word	Total number of times quoted for all interviews	Average per participant/ interview
Remuneration	13	1
Resources	52	4
Salaries	35	3
Skills	82	7
Sources (funding)	24	2
Staff	138	12
Strategic	132	11
Sustain	73	6
Vulnerable	9	1

Source: Own compilation

Table 5.2 shows that the most frequently used words were funding (333 times), people (219 times), project (197 times), programme (146 times), staff (138 times) and strategic (132 times). The number of times a word is mentioned suggests the importance thereof to the participant.

Further analysis was done by clustering the words into three broad themes. These themes were guided by the research in terms of the triangular sustainability constructs, finance, programme and people, as guided by Mourão and Enes (2017:824), and as referred to in Chapter 3, section 9. These results are shown in Table 5.3.

Table 5.3: Word frequencies for broad themes

Broad themes	Word	Number of times quoted for all interviews	Aggregate for theme	Average per participant
Finance	Finance	61	499	42
	Funding	333		
	Grants	20		
	Resources	52		
	Sources (Funding)	24		
	Vulnerable	9		



Table 5.3: Word frequencies for broad themes (cont'd)

Broad themes	Word	Number of times quoted for all interviews	Aggregate for theme	Average per participant
Programme	Programme	146	343	29
	Project	197		
People	People	219	496	41
	Personnel	9		
	Remuneration	13		
	Salaries	35		
	Skills	82		
	Staff	138		

Source: Own compilation

The analysis revealed that words relating to finance were mentioned 499 times by the participants during the interviews. On average, each participant used these words 42 times. Similarly, words referring to people were used 496 times, an average of 41 times for each participant and words relating to programme were used 343 times, averaging 29 times per participant.

Their frequency of use and their classification into the broad themes underpin the importance of these words for the participants, and further support the importance of the triangular sustainability (finance, programme, people) for strategic management and this research.

### 5.8.2 Word cloud

The word cloud for the research is presented in Figure 5.11. The word cloud is a visual representation of the word list. The larger the font used to depict a word in the word cloud the more often those words occur, conversely, words appearing in smaller font occur less often (Atenstaedt, 2017:231). Like the word frequencies, words that are prominently displayed include organisation, funding, strategic, people, programme and sustainability; this shows the importance of these words and how they relate to the sustainability constructs, namely, financial, programme, and people.



**Figure 5.11:** Word cloud  
Source: Own compilation

The last component of the analysis concerns the codes which were generated during the analysis, followed by discussions on data saturation and the networks presented earlier.

## 5.9 CODE ANALYSIS, SATURATION AND NETWORKS

The discussion on the descriptive analysis in the previous section formed a brief introduction to the thematic analysis using the word frequencies and broad themes. The following sections will discuss additional analysis in terms of the code list, data saturation, code groundedness and code densities. This type of analysis is important to demonstrate the quality and rigour of the study.

### 5.9.1 Code list

A code list contains all the codes generated from the interviews and is important to guide any other researcher who wishes to replicate this study. Coding formed part of the analysis process in which the researcher ascribed words or phrases to several quotations from the different interviews. In total, 64 codes were ascribed to the corpus of data. Owing to the number of codes, only an excerpt is presented in Table



5.4. The table also indicates how these codes relate to each of the interview questions.

**Table 5.4: Excerpt from the code list**

<b>Code</b>	<b>Related question</b>
Affiliations	Question 3
Age	Question 1
Alignment of needs to donor expectations	Question 24
Characteristics of sustainability	Question 9
Competition	Question 25
Contingency – a cease in funding	Question 20
Dependency on donor funding	Question 17
Donor influence	Questions 17 & 18
Employee numbers stable – last 3 years	Question 6
Financial analyses	Question 19
Funding ceases – results	Question 20
Getting additional funding	Question 16
Greatest challenges	Question 7
Impact of change in donor requirements	Questions 17 & 18
Impact on society	Question 22
Implementation of strategic plan	Question 12
Implementation of strategy	Question 12
Importance of board of directors (BoD)	Question 26
Importance of sustainability	Question 8
Improvements in strategic management process	Question 15
Main activities	Question 3
Main donor	Question 3
Managing talent retention	Question 31
Meaning of sustainability	Question 8
Nationality	Question 1
Number of donors	Question 20
Number of employees	Question 5
Parties involved in strategic management	Question 13
Performance targets	Question 21
Performance measurements – perceived	Question 21
Period of funding – funding cycle	Questions 20 & 3
Position in current organisation	Question 1
Academic qualification	Question 1
Quality improvement – achieving targets	Question 23



Table 5.4: Excerpt from the code list (cont'd)

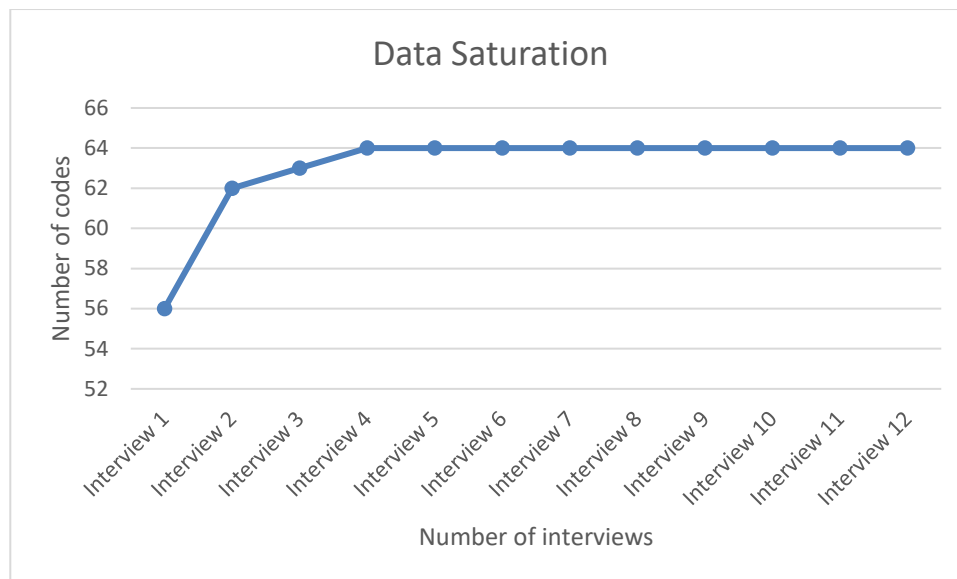
Code	Related question
Quality of skills	Question 29 & 30
Setting of performance targets	Question 21
Setting targets – advocacy	Question 23
Talent retention	Question 31
Strategic management meaning	Question 11
Strategy evaluation	Question 14
Sustainability and strategic management	Question 10
Talent and remuneration	Questions 27 & 28
Years of experience	Question 1
Years with organisation	Question 2

Source: Own compilation

From Table 5.4, it is evident that all the interview questions, as per the schedule, were assigned to a code. After redundant and repetitive codes had been grouped with other more appropriate codes, the final number of codes created from the 12 interviews was 64. A full list of the codes is presented in Annexure C.

### 5.9.2 Data saturation

Data saturation is achieved when any information added does not lead to more analysis and the researcher is able to answer their research questions satisfactorily (Ando et al., 2014:7; Elo et al., 2014:5; Saunders et al., 2016:279; Constantinou et al., 2017:575). The quality of qualitative research is positively correlated to data saturation; thus, if saturation is reached, the research is considered to be of good quality (Chapter 4, section 4.6.1.3) (Fusch & Ness, 2015:1408). When no new codes can be created, data saturation is reached. Figure 5.12 reveals that data saturation was reached with the fifth interview, that is, all 64 codes had been created during the first four interviews and thereafter no new codes were created.



**Figure 5.12: Data saturation**  
Source: Own compilation

As no new codes were created after the fourth interview, it is clear that no new evidence could be gleaned from the dataset and thus, data saturation was reached at interview five.

### 5.9.3 Code groundedness

The importance of code groundedness is that it indicates an increased likelihood of validating the relevance of the quotes taken from the interviews for the appropriate code and demonstrates the strength of the relationships between quotes and the codes (Cheli et al., 2017:348; Overview of Atlas.ti. 8 Windows, 2019). The top ten codes and their groundedness are shown in Table 5.5. Code groundedness is indicated on the networks (as shown in sections 5.5 to 5.9) by a grey bar annotated with “G”.

It is clear from Table 5.5 that codes relating to financial and people aspects were more grounded in terms of linkages with other codes. This is to be expected since these two areas (codes) are a requirement for programmatic impact and, ultimately, sustainability. This conclusion supports the research premise that financial and people constructs are needed to support the programme construct in terms of implementation. These constructs relate to the importance of triangular sustainability in strategic management.

**Table 5.5: Code groundedness**

Code	Groundedness
Impact on society	37
Impact of change in donor requirements	39
Financial analyses	41
Getting additional funding	41
Greatest challenges	43
Parties involved in strategic planning	45
Characteristics of sustainability	47
Staff retention	61
Talent and remuneration	72
Sustainability in people	89

Source: Own compilation

#### 5.9.4 Code densities

Code densities are important because they suggest increased significance for theory development (Cheli et al., 2017:348; Overview of Atlas.ti. 8 Windows, 2019). Table 5.6 displays the top ten code densities and it is clear that sustainability in funding, sustainability in activities, sustainability in people and strategic management are important as they demonstrate the highest code densities. Code densities are also represented on the networks (as shown in sections 5.5 to 5.9) by a grey bar labelled “D”.

**Table 5.6: Code density**

Code	Density
Importance of people	4
Sustainability and strategic planning	4
Quality of skills	4
Characteristics of sustainability	4
Similar organisations	5
Donor influence	5
Strategic management meaning	6
Sustainability in people	6
Sustainability in activities	9
Sustainability in funding	14

Source: Own compilation

It is important to consider the significance of the code densities when answering the research questions. As these codes are interlinked at such high densities, it further supports the notion of the financial, programme and people constructs and how they relate to sustainability and strategic management.

### 5.9.5 Networks

The reason for presenting the degree as it pertains to networks is that it confirms the significance of the relationships presented in the networks and supports the evidence presented by the code groundedness and density (Cheli et al., 2017:348; Overview of Atlas.ti. 8 Windows, 2019). These relationships were visually presented and described for each associated network in sections 5.5 to 5.9. Table 5.7 confirms that multiple code groups or nodes are included in the various networks. It is useful to note here that the networks presented correlate with the various sections of the interview schedule.

**Table 5.7: Degree of nodes**

Network name	Degree
Sustainability	8
Strategic management	7
Strategic management and financial sustainability	13
Strategic management and programme sustainability	12
Strategic management and people sustainability	7

Source: Own compilation

From the information presented in Table 5.7 it may be deduced that the network for sustainability demonstrates relationships with eight different code groups or nodes. Similarly, strategic management has seven relationships with other nodes, while strategic management and financial sustainability have relationships with 13 other nodes. The networks depicting strategic management and programme sustainability, and strategic management and people sustainability, demonstrate 12 and seven relationships to other nodes respectively. These relationships and linkages underline their importance as they relate to other areas as well as their emphasis on the sustainability, strategic management and the financial, programme and people constructs.

## **5.10 CONCLUSION**

This chapter outlined the data analysis that was conducted in this study, as well as the results and findings of the research. The chapter commenced by presenting demographic data relating to age and nationality, highest academic qualification and professional background, current position and tenure with the organisation, organisational background and length of operations in Namibia, number of employees and stability, as well as an account of the greatest challenges that confront these organisations.

A discussion on each of the areas (sustainability, strategic management, strategic management and financial sustainability, strategic management and programme sustainability, and strategic management and people sustainability) covered in the interview schedule followed. The discussion focused particularly on how each of the interview questions were answered and the conclusions that were reached. A network depicting the relationships for each of the thematic areas in the interview schedule was presented and discussed.

The explication of the descriptive analysis included a discussion on word frequencies and word clouds. Code lists, code groups, data saturation, code groundedness and code densities were discussed under the section dealing with code analysis, saturation and networks. The chapter ended by describing the way in which the six networks that resulted from the research support the notion of strategic management and triangular sustainability. The next chapter will introduce the adapted model.

## **CHAPTER 6: ADAPTED MODEL**

### **6.1 INTRODUCTION**

This chapter presents a discussion on how the primary objective and the supporting secondary objectives led to the model that is adapted here. The chapter continues by discussing the precursors of the adapted model.

The model was discussed with particular attention to the different components of the model, including the tools for conducting the internal and external evaluations necessary for strategy making. This discussion is followed by an explanation of how the model was adapted in order to render it useful for the not-for-profit sector. In addition, the concept of triangular sustainability was included in the model with particular focus on financial, programme and people constructs which are necessary for not-for-profit organisations to become sustainable

The chapter concludes by presenting the adapted model and discussing each of the additions to the model, as well as the way in which the model addresses the primary objective of the study.

### **6.2 RESEARCH OBJECTIVES**

The primary objective of the study was to adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process.

The data and analysis presented in Chapter 5 (section 5.4) indicated that not-for-profit organisations in Namibia do not make use of any strategic management model and that, beyond their projects, these organisations have limited focus on remaining viable. Further, the absence of any model points to the fact that strategic management is currently approached in a random fashion (Chapter 5, section 5.4) and, as such, will have adverse outcomes for organisational sustainability (Chapter 5, section 5.3). Thus, the use of a strategic management model, adapted by the researcher to address these issues, is recommended.

Additionally, the secondary objectives of the study were:

- To identify the processes by which not-for-profit organisations conduct their strategic management.

In attempting to attain this research objective, the data showed that not-for-profit organisations employed no formal model for strategic management and did not make use of any tools in crafting their strategies. In Chapter 5 (section 5.4), not-for-profit organisations indicated that although they have annual plans, these are project-based and do not consider the longer-term sustainability of the organisation. Furthermore, the results showed that not-for-profit organisations' strategic management would benefit from more analysis, evaluation and improvement as well as enhanced leadership. The data also showed that the organisations would cease to exist were project funding to end (Chapter 5, section 5.5), this would affect their ability to continue their programmes (Chapter 5, section 5.6), and to retain their staff (Chapter 5, section 5.7).

- To identify the shortcomings in the strategic management processes of not-for-profit organisations.

In terms of this objective, the data indicated that no use is made of a strategic management model or tools for strategy making, and that the process is currently done intuitively (Chapter 5, section 5.4). The current processes were heavily project-based (Chapter 5, section 5.4) and driven by the availability of donor funding (Chapter 5, section 5.5). From the analysis and the data obtained, it is clear that improvements to any model would be difficult in the absence of a strategic management model. The data showed that strategic management in not-for-profit organisations in Namibia have a short-term, project-based focus and that there is a need to re-evaluate, re-strategise and restructure the future outlook and long-term plans (Chapter 5, section 5.3). Thus, it may be concluded that there is a need for such a model and that this model should include an improvement component to ensure the assessment and constant enhancements of the strategy and the strategic management process.

- To assess whether and in what way not-for-profit organisations evaluate the implementation and performance of their strategic plans.



The outcomes of this objective verified that the only form of evaluation done takes place on a project basis and then only in response to donor requirements, while no long-term strategic evaluation is done (Chapter 5, section 5.6). The results indicated that project evaluation can occur on a monthly, quarterly, semi-annual and annual basis. However, in section 5.4 of Chapter 5, participants indicated that quality processes are in place to improve project evaluations. This further supports the objective of ensuring that the project evaluations be extended to become strategic evaluations, which include a component of quality improvement.

- To revise the strategic management models used by not-for-profit organisations in Namibia.

The outcomes of this objective lead to the recommendation that in the absence of any other models, a model for strategic management be used (Chapter 5, section 5.4). The data has shown that not-for-profit organisations in Namibia have a strong focus on project targets and evaluation as it is a donor requirement and does not make use of any particular model for strategic management for long-term planning. Furthermore, the strategic management model should emphasise the sustainability of not-for-profit organisations and include a focus on the financial, programme and people aspects (Chapter 5, sections 5.5, 5.6, 5.7). Additionally, the data has shown that not-for-profit organisations in Namibia already do some programme evaluation and improvement but this could be extended to their strategic management and for this reason the model should include the tools required for strategy making, as well as an evaluation and improvement component (Chapter 5, section 5.4).

- To synthesise applicable models into a comprehensive model to guide strategic management.

In terms of this objective, the research outcomes suggest that the recommended model be designed to include instruments for strategic management, evaluation and improvement. The research established that, currently, not-for-profit organisations in Namibia are already doing some form of evaluation and improvement albeit on a project basis and would benefit from extending this evaluation and improvement to strategic management (Chapter 5, section 5.4). The conclusion from the data is then that not-for-profit organisations in Namibia would benefit from a strategic

management model and that such a model should include all the stages of strategic management, should emphasise the use of data for decision-making and have a focus on the elements of triangular sustainability in terms of financial, programme and people aspects. Accordingly, this model should assist organisations to plan better for sustainability (Chapter 5, section 5.4).

The secondary objectives of the study supported the primary objective of the research; that is, to adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process. Such a model would formalise the process and address the current lack of such a model. Additionally, the model should offer components for strategic management, evaluation and improvement. This adapted model is an adaptation from Thompson et al. (2005:18), Thompson et al. (2017:20), Kriemadis and Theakou (2007:34), and adding triangular sustainability constructs by Mourão & Enes (2017:824). The triangular sustainability includes financial, programme and people constructs and are added to the model to guide thinking in strategic management for sustainability. This adapted model is shown in Figure 6.3.

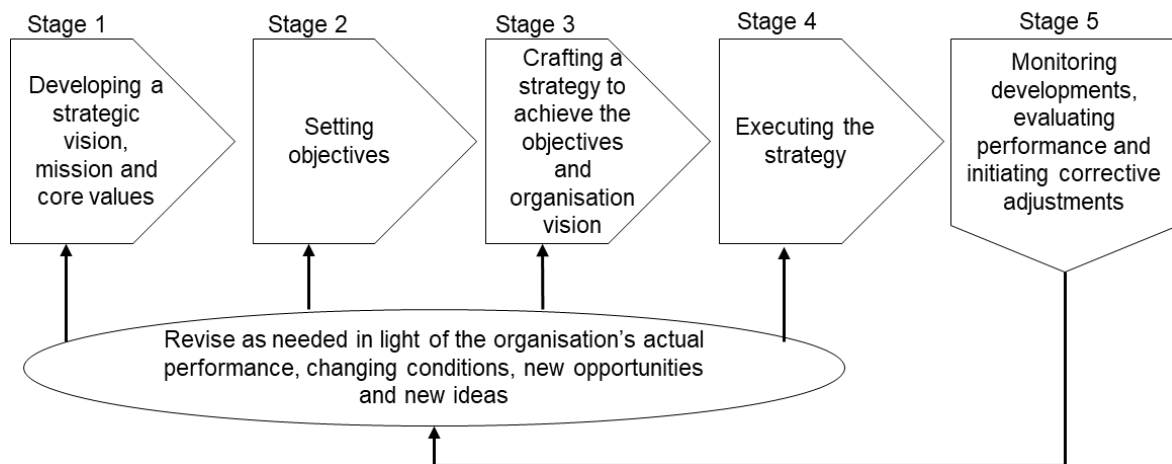
### **6.3 THE ADAPTED MODEL**

The next section describes the components which led to the adaptation of the strategic management model. It continues by discussing the adapted model in detail and will cover the process, the triangular approach to sustainability, and the use of instruments for strategy making.

#### **6.3.1 Thompson et al. (2005:18; 2017:20) strategic management model**

The model developed by Thompson et al. (2005:28; 2017:20) includes five stages, which are developing a strategic vision, mission and core values; setting objectives; crafting a strategy to achieve the objectives and vision; executing the strategy; monitoring the strategy development and evaluating the performance, while making adjustments to improve strategic management. The model also includes revisiting the strategy and aligning it with changes in environments and incorporating new advantages (Thompson et al., 2005:18; Thompson et al., 2017:20). This strategic management model was selected because it clearly outlines the five critical stages

in strategic management (Figure 6.1). Additionally, it also includes an evaluation and improvement component which monitors changing conditions, new opportunities and new ideas at each phase.



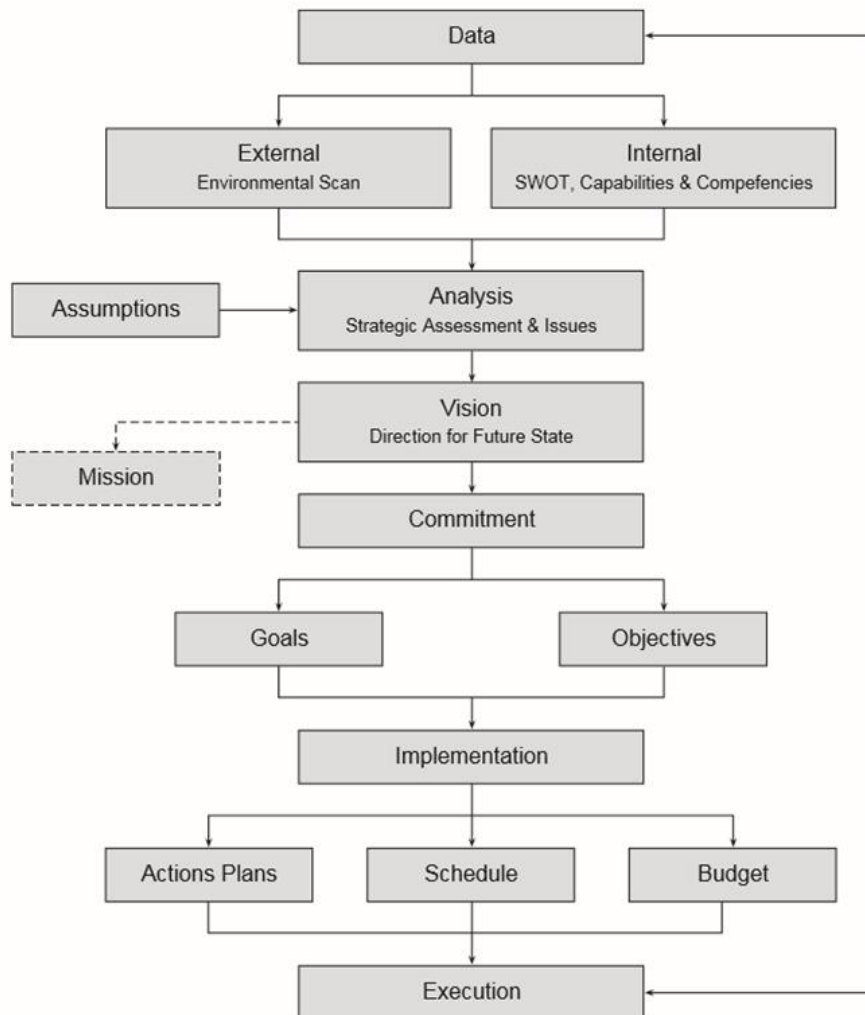
**Figure 6.1:** Thompson et al's. (2005; 2017) strategic management model  
Source: Thompson et al. (2005:18) and Thompson et al. (2017:20)

The model does not specifically mention the use of analysis to gauge the external and internal environments, but the reference to revisiting strategic management in light of changing environments suggests that some form of analysis should be incorporated with each of the five stages in the model. In addition, the reference to revision at each step indicates the dynamic nature of strategic management and that it should be continually evaluated and improved on (Thompson et al., 2005:18; Thompson et al., 2017:20).

### 6.3.2 Kriemadis and Theakou's (2007:34) model

The model by Kriemadis and Theakou (2007:34) was specifically developed for not-for-profit organisations. The model emphasises internal and external data, assumption and analysis. The data flow into the vision (with the mission) to develop commitments, goals and objectives. The implementation phase comprises of action plans, schedules and budgets to be executed (Kriemadis & Theakou, 2007:34). This strategic management model was selected because it was developed for use in a not-for-profit setting. The model emphasised the use of external and internal data for analysis which is particularly relevant in the not-for-profit sector where organisations need to be driven by information in an increasingly turbulent

environment. Additionally, the model also includes the critical stages of strategic management.



**Figure 6.2:** Kriemadis and Theakou's (2007) strategic management model  
Source: Kriemadis and Theakou (2007:34)

Similar to the Thompson et al. (2005:18) and Thompson et al. (2017:20) model, this model also vacillates between data and execution; thus, ensuring new information is constantly considered in strategic management (Kriemadis & Theakou, 2007:34).

### 6.3.3 Triangular sustainability

The concept of triangular sustainability as described by Mourão and Enes (2017:824) focuses on three dimensions (institutional, agents and financial) that not-for-profit organisations should consider, to become sustainable. For the purposes

of this study, triangular sustainability and the three constructs were argued to comprise of financial, programme and people constructs. Not-for-profit organisations need to consider their financial situation since the literature and this research found that the lack of funding would result in closure of these organisations. Similarly, not-for-profit organisations need to consider their programmes. Programme sustainability in terms of implementation, quality and impact are determinants of organisational sustainability. People sustainability is another key construct in triangular sustainability. Not-for-profit organisations need people to effectively implement their programmes and thereby ensuring that the organisation obtains more funding. The study has concluded that triangular sustainability is an essential component of strategic management and these three constructs (financial, programme, people) should be included in strategic management.

#### **6.3.4 Adapted model**

The adapted strategic management model (Figure 6.3) includes components from Thompson et al's. (2005:18), Thompson et al's. (2017:20), Kriemadis and Theakou (2007:34), and adding of the concept of triangular sustainability (Mourão & Enes, 2017:824) which aim to guide not-for-profit organisations to consider the financial, programme and people aspects in their strategic management. The adapted model also addresses the various stages of strategic management, namely, developing a strategic vision, mission and core values; setting objectives; crafting a strategy to achieve the objectives; executing the strategy; monitoring the strategy development and evaluating the performance, while making adjustments to improve strategic management.

The adaptations presented in this strategic management model (Figure 6.3) include the use of data for external and internal analysis, which is in line with Kriemadis and Theakou (2007:34) (Figure 6.2). Strategic management requires the use of tools to enable the external and internal environmental analyses. The tools proposed for the internal and external analysis were discussed in Chapter 2, section 2.7. For an external environmental analysis, tools such as the five forces, namely political, economic, social, technological, environmental, and legal (PESTEL); strategic group maps and industry driving forces are proposed. To conduct an internal

analysis, tools such as the value chain; valuable, rare, imitability, organisation (VRIO); the Boston Consulting Group (BCG) matrix, and quantitative tools are proposed.

The strategy formulation component should seek to address the triangular sustainability of organisations in terms of financial, programme and people aspects. In this component, not-for-profit organisations should specifically focus on strategies to achieve financial, programme and people sustainability. For the purposes of the research, the adapted strategic management model (Figure 6.3) would be suitable for use in not-for-profit organisations in Namibia. Additionally, the implementation component would be useful not only for annual workplans, but also to guide long-term planning and evaluation. In the feedback and control stage, the plan, do, check, act (PDCA) tool is proposed in order to evaluate and make ongoing improvements to the strategy and the strategic management process.

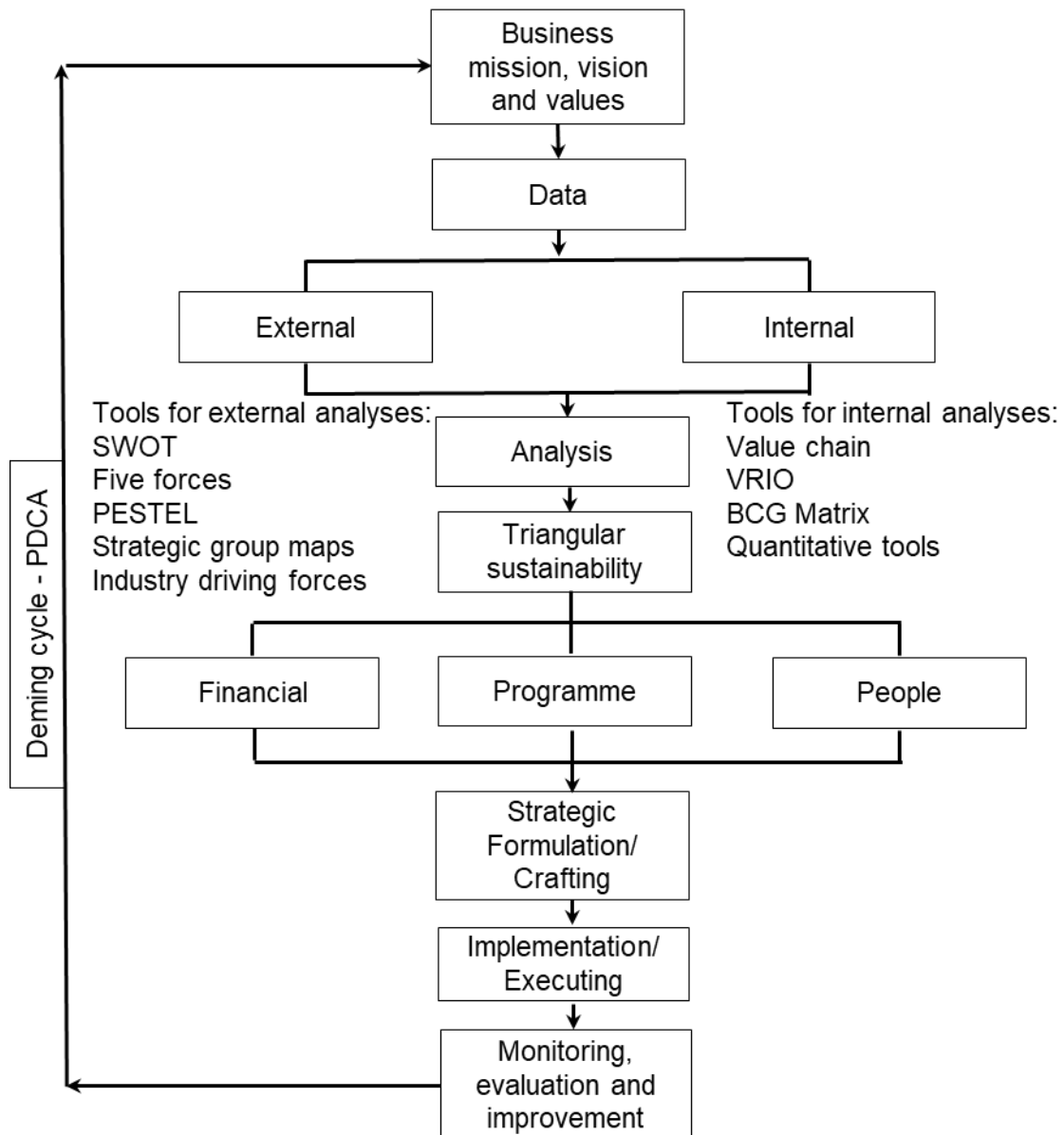
It may be concluded, then, that the adapted model (Figure 6.3) addresses the primary objective of the study, namely, to adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process.

The secondary objectives were also addressed by the model in that the model provides a structured approach for conducting strategic management in not-for-profit organisations in Namibia. The five critical stages are included in the model which are business mission, vision and values, data analysis, strategy formulation, implementation and monitoring, evaluation and improvement. The adapted model includes tools for internal and external environmental evaluation, setting objectives, crafting and executing strategy and implementation, monitoring and evaluation and the PDCA tool for the evaluation and continuous improvement of the strategic management process.

The significance of this adapted strategic management model lies in the theoretical knowledge it adds by expanding on the existing theory on strategic management models. This study enhances knowledge on how strategic management is done in not-for-profit organisations in Namibia and proposes an adapted model for strategic

management in these organisations. The research contributes to the existing body of knowledge by expanding on the professionalisation of not-for-profit organisations in Namibia by the adapted strategic management model. In addition, the study contributes to the empirical evidence on not-for-profit organisations in Namibia and provides these organisations with a practical model that outlines the stages of the strategy making process, the instruments that not-for-profit organisations will find useful in strategic management, and a tool for the assessment and enhancement of the strategic management process. The most significant practical contribution lies in the ability of the adapted model to guide not-for-profit organisations to approach strategic management in terms of triangular sustainability by focusing on their financial, programme and people aspects and thus address the sustainability of these organisations.

Additional practical contributions of the research include that it will assist not-for-profit organisations in Namibia to become sustainable through strategic management. The result would be that not-for-profit organisations can continue to deliver services that would help beneficiaries and communities and remain sustainable. The adapted model would assist in strategic management by guiding the thinking of leaders in not-for-profit organisations in terms of triangular sustainability (financial, programme and people) and how these constructs should be considered to ensure the long-term sustainability of not-for-profit organisations.



**Figure 6.3:** Adapted strategic management model for not-for-profit organisations in Namibia

Source: Own compilation

It is envisaged that the use of the adapted model for strategic management will contribute to the sustainability of not-for-profit organisations in Namibia. Addressing strategic management in terms of triangular sustainability, that is, financial, programme and people aspects, will allow not-for-profit organisations in Namibia to take a balanced approach to strategic management and, in this way, will ensure that all the elements necessary for the organisation to remain viable are dealt with.



## **6.4 CONCLUSION**

This chapter presented the objectives of the study and discussed the way in which these were achieved. The chapter then continued by discussing the adapted model for strategic management and its various components. This was followed by an explication of the strategic management models from Thompson et al. (2005:18), Thompson et al. (2017:20), and Kriemadis and Theakou (2007:34). The concept of triangular sustainability by Mourão and Enes (2017:824) was added to guide not-for-profit organisations to consider the financial, programme and people aspects in their strategic management. The model was introduced and discussed in this chapter in terms of the various stages of strategic management, triangular sustainability, data, tools, formulation, implementation and continuous improvement.

The chapter concluded by outlining the way in which the adapted model addressed the primary and secondary objectives of the study, and its value for not-for-profit organisations. The next chapter presents a summary of the study and discusses the limitations of the study and areas for future research.

## **CHAPTER 7: CONCLUSION AND RECOMMENDATIONS**

### **7.1 INTRODUCTION**

This chapter provides a summary of the entire study. Accordingly, the literature focusing on strategic management, sustainability and not-for-profit organisations, as well as the research methodology followed, are briefly discussed. The research objectives are once again presented, as well as how they link to the literature and the outcomes of the study. Recommendations flowing from the findings of the study are then discussed in detail.

In addition, the theoretical and practical implications of the research are highlighted, focusing on the implications for both not-for-profit organisations and donors. Further discussions centre on the significance of the study and how it will contribute to the available research on not-for-profit organisations. Lastly, the chapter outlines the limitations of the research and concludes by offering possible areas for future research.

### **7.2 SUMMARY OF THE RESEARCH**

This section briefly summarises this study and focuses on revisiting the research objectives. The main findings are summarised and presented in Table 7.1.

The discussion on the background to the research in Chapter 1 resulted in the formulation of the problem statement, the research questions and the primary and secondary objectives. This discussion also includes a short overview of the research methodology followed, including the ethical considerations, study limitations and assumptions. The chapter concluded with an outline of the thesis.

The two literature review chapters examined the concepts of strategic management and sustainability, and not-for-profit organisations respectively. The particular focus of the second chapter was on strategy, strategic management and planning. The development of strategic management was outlined by observing advancements in the theory in terms of periods covering ten years, from 1957 up to 2016. A discussion on the benefits and disadvantages of strategic management followed. Accordingly, six different strategic management models were discussed and the

various tools useful in crafting strategy were outlined. The chapter concluded by probing the way strategic management contributes to organisational sustainability, flexibility and the triple bottom line, as well as its ultimate contribution to organisational sustainability.

The literature chapter on not-for-profit organisations provided a functional definition of these organisations for the purposes of the study. Furthermore, the essence of not-for-profit organisations was outlined along with characteristics and types of such organisations. A discussion on the complexity and turbulence of this sector ensued which led to further discussion on how not-for-profit organisations and the third sector contribute to countries' economies in terms of economic growth and employment. The chapter expanded further on foreign aid and PEPFAR as a funder for not-for-profit organisations in the field of HIV and AIDS. Further elaborations followed on the health sector's contribution to economies and, specifically, health sector employment. The chapter indicated that 45% of registered not-for-profit organisations in Namibia operate in the health sector (Chapter 3, section 3.6.1) and, as such, the sustainability of these organisations is crucial for ensuring that programmatic gains in the field of HIV and AIDS are maintained.

The strengths, challenges and benefits of not-for-profit organisations were expanded on, and the way sustainability and strategic management in the third sector influence continued service delivery and societal value. The chapter concluded by discussing the strategic management aspects in terms of financial, programme and people constructs and how these constructs, if not addressed, have an impact on the sustainability of not-for-profit organisations.

The research methodology followed in this study was presented in Chapter 4, which outlined the qualitative nature of the research. Deliberations followed on the pragmatic philosophy and the abductive approach to theory development for the study. The chapter also outlined the characteristics of qualitative research and how it would be applied in the research with the use of case studies.

A discussion on the data collection and analysis procedures followed which outlined data sources, purposive sampling techniques and semi-structured interviews as data collection measures. This was followed by a discussion on the qualitative data

analysis in terms of content and thematic analysis. An explication of the research evaluation, ethical considerations and data management approaches concluded the chapter.

The fifth chapter presented the research findings in line with the interview schedule. The findings presented covered the background and the demographic data, including age and nationality; highest academic qualification and professional background; tenure with organisation and current position; organisational background and length of operations in Namibia; number of employees and stability, as well as the greatest challenges faced by the not-for-profit organisations.

The qualitative analysis was further expanded to cover each section of the interview schedule, namely, sustainability; strategic management; strategic management and financial sustainability; strategic management and programme sustainability and strategic management and people sustainability. These relationships were also presented visually by means of networks and the findings were linked to the extant literature. The descriptive analysis included word frequencies and a word cloud, and further analysis concentrated on the code list, data saturation, code groundedness and densities. This chapter demonstrated the need for a strategic management model which includes tools which would be useful for analysing internal and external data and focuses on the financial, programme and people aspects as contributors to achieving sustainability.

In Chapter 6, the study focused on an exposition of the way the objectives were addressed. This was followed by an examination of the adapted model for strategic management. The primary research objective was to adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process. The components of the adapted model were discussed in Chapter 6, section 6.3. The research objectives are revisited in Table 7.1 and are presented alongside the supporting literature and main findings.

**Table 7.1: Revisiting the objectives of the study**

Primary objective	Literature overview	Main findings
To adapt a model that will enable not-for-profit organisations to improve their strategic management and to address the limitations in the financial, programme and people aspects of their strategic management process.	<p>The use of models is important to guide the strategic management process (Jarzabkowski &amp; Kaplan, 2015:554; Neumann, 2017:177; Thompson et al., 2017:19; Wolf &amp; Floyd, 2017:1758). Models can be adapted for use in not-for-profit organisations (Kriemadis &amp; Theakou, 2007:28). Tools or instruments are important to consider in the strategic management process (Jarzabkowski &amp; Kaplan, 2015:551). Regular review of the outlook of the organisation would assist in the process of strategic management and crafting of relevant strategies to address the financial, programme and people aspects of sustainability (Zajontz &amp; Leysens, 2015:9; Aschari-Lincoln &amp; Jäger, 2016:614; Maier et al., 2016:7&amp;71; Ungerer et al., 2016:15).</p>	Not-for-profit organisations make limited use of any specific models for strategic management and no strategic management model could be identified which addresses triangular sustainability.
Secondary objectives	Literature overview	Main findings
To identify the processes by which not-for-profit organisations conduct their strategic management.	<p>Strategic management is becoming crucial for not-for-profit organisations. The process should be proactive and should improve efficiencies (Tucker &amp; Parker, 2013:102). The inclusion of sustainability is important in crafting strategies; however, limited research was found on the implementation of strategy (Engert &amp; Baumgartner, 2016:829). Sustainability should be incorporated in strategic management (Rauter et al., 2017:144).</p>	Not-for-profit organisations in Namibia do not make use of any formal model of strategic management and do not make use of any tools for analysing data when crafting their strategies.
To identify the shortcomings in the strategic management processes of not-for-profit organisations.	<p>Donor funding in Namibia has declined by 33% since 2010 (Robertson et al., 2013:31). Donors and beneficiaries are misaligned. Organisations are more accountable to donors than to beneficiaries (Lee &amp; Izama, 2015:281). Low overhead margins prevent organisations from focusing on business development and donor funding restrictions do not allow organisations to accumulate reserves (Zajontz &amp; Leysens, 2015:9).</p>	No use of a strategic management model or any tools to assist in data analysis for strategy making. The process is done intuitively and is heavily project-based and driven by donor funding.



Table 7.1: Revisiting the objectives of the study (cont'd)

Secondary objectives (cont'd)	Literature overview	Main findings
To assess whether and in what way not-for-profit organisations evaluate the implementation and performance of their strategic plans.	Evaluation and improvement of strategic management can be done using the PDCA tool (Pietrzak & Paliszkiewicz, 2015:152). Not-for-profit organisations must improve operations to reduce costs and increase organisational learning and adaptability (Witmer & Mellinger, 2016:255). Not-for-profit organisations should consider and adapt to environmental changes in order to maintain their competitive advantage (Laurett & Ferreira, 2018:8).	There is no long-term strategic evaluation being done. The only form of evaluation done by not-for-profit organisations in Namibia is on a project basis and then only as per donor requirements.
To revise the strategic management models used by not-for-profit organisations in Namibia.	Through the use of a strategic planning process, organisations will achieve improved performance (Dibrell et al., 2014:2001). Strategic management models describe how organisations function and create and capture value (Grant, 2016:171). Strategic management models outline the organisation's plan for providing a product or service to customers, such that it will create income (Thompson et al., 2017:9). Strategic management models should clearly outline organisational goals and objectives and are useful for improving understanding of and clarifying the organisational vision and areas of focus (Wheelen et al., 2018:38).	The use of strategic management models in not-for-profit organisations in Namibia is absent. It is recommended that a model be used for strategic management.
To synthesise applicable models into a comprehensive model to guide strategic management.	A strategic management model was developed to guide strategic management (Thompson et al., 2005:18; Thompson et al., 2017:20). This model was adapted for use in not-for-profit organisations (Kriemadis & Theakou, 2007:28). Tools or instruments used in the strategic management process help managers to realise results and guide the strategy-making process (Jarzabkowski & Kaplan, 2015:551). Strategic management models should include the review of organisational outlooks and the development of suitable strategies (Ungerer et al., 2016:15). Financial indicators must be considered in strategic management (Wolf & Floyd, 2017:1760).	The adapted model should include a focus on the financial, programme and people aspects to achieve triangular sustainability, tools for strategy making, as well as evaluation and improvement.

Source: Own compilation

The discussion on the adapted model includes components from Thompson et al. (2005:18; 2017:20), Kriemadis and Theakou (2007:34) and the addition of the

concept of triangular sustainability (Mourão & Enes, 2017:824) which aim to guide not-for-profit organisations to consider the financial, programme and people aspects in their strategic management. The adapted model outlined the specific stages of strategic management including developing a strategic vision, mission and core values; setting objectives; crafting a strategy to achieve the objectives; executing the strategy; monitoring the strategy development and evaluating the performance, while making adjustments to improve strategic management. The adapted model further emphasised the use of internal and external data to be analysed and in such a way influence decision-making. The adapted model also addresses the triangular sustainability of organisations in terms of financial, programme and people aspects in strategic management. The model also included components relating to implementation, evaluation and improvement.

This chapter, the concluding chapter, revisits the objectives of the study and links them to the literature as well as to the research outcomes. It continues by making some recommendations for not-for-profit organisations and donors to consider, and discusses the theoretical and practical implications of the research. The significance of the study, the limitations of the research, and areas for future research complete this chapter.

### **7.3 RECOMMENDATIONS**

The results of this research as they pertain to the research questions and the study objectives give rise to certain recommendations which are discussed as follows:

Not-for-profit organisations in Namibia need to take a long-term approach to strategic management that sees beyond their project timeframes. Additionally, it is recommended that these organisations use the adapted model (Chapter 6, section 6.3) to guide their strategic management processes. This model provides a strategic management process that will assist such organisations to focus on achieving triangular sustainability in terms of financial, programme and people aspects. The model also provides tools which may assist organisations in crafting their strategies with a focus on triangular sustainability (financial, programme and people aspects). Furthermore, it is recommended that not-for-profit organisations in Namibia team up

with for-profit organisations to allow for mentoring, coaching and peer learning from these organisations.

It was further established that the sustainability of not-for-profit organisations is important as they have a significant social impact and are essential for reaching beneficiaries that government services are unable to reach. The sustainability of these organisations is at risk as Namibia has been classified by the World Bank as an upper-middle income country which has meant that donor funding has been steadily declining. Therefore, if such organisations cannot sustain themselves their social impact will be lost. It is thus recommended that in order to fund their activities and maintain their social impact, not-for-profit organisations should look beyond their traditional donors, seeking alternative donors and activities that could generate additional funds. In turn, donors should be aware of the gains made by these organisations and the fact that those gains would be lost if the organisations were no longer viable.

It is also recommended that the leaders of not-for-profit organisations in Namibia should be upskilled in business acumen. Although a number of the leaders of the not-for-profit organisations interviewed in the study demonstrated competence in their respective fields (medical doctors and public health experts), they were not knowledgeable on the specifics of business management. It is further recommended that these leaders gain more exposure to strategic management, and business management and business acumen aspects, as well as financial management for non-financial managers. The data obtained in this research indicated that not-for-profit organisations in Namibia have a limited focus on financial analysis, apart from the normal budgetary and spending analysis. Financial analysis would enable organisations to identify key strategic issues. Moreover, if the leaders of these organisations understand the significance of financial analysis and management, they will understand the impact of achieving financial sustainability and will make specific efforts to achieve it.

There is a need for these organisations to look to diversify in terms of donors and funders. Most of the organisations were totally dependent on a single donor and this has implications for organisational viability. Not-for-profit organisations in Namibia should negotiate with their donors to ensure that some portion of donor funding is



earmarked for sustainability and they should subsequently demonstrate how these funds are applied in order to achieve sustainability. Additionally, not-for-profit organisations should maximise the social impact gains by using them as a marketing tactic to obtain more funding and demonstrating their competence and achievements in their respective areas.

Further recommendations include raising awareness among not-for-profit organisations that the people component is a competitive advantage and that they should try to retain talent. These organisations have positively identified talent as a key driver of programme impact and should thus seek ways of utilising that talent beyond the project scope. Talent retention is also important since not-for-profit organisations have mentioned that the quality and availability of the talent pool is affected by the less than competitive remuneration and the short-term nature of projects. Thus, when good talent is found, these organisations need to retain it. It is recommended that not-for-profit organisations in Namibia be more assertive with donors in order to obtain better remuneration budgets and thus be able to attract talent to their organisations. Furthermore, organisations should seek alternative ways to reward employees and to retain them after the project has been implemented.

Not-for-profit organisations should seek to build good relationships with the government – because these organisations are able to reach beneficiaries who are difficult for the government to reach. They have an advantage and should capitalise on this advantage by constantly communicating with the government and demonstrating their impact. The government will then recognise not-for-profit organisations as key partners in reaching the people and will support and advocate for the sustainability of these organisations with donors.

Another recommendation is for not-for-profit organisations in Namibia to find synergies with other organisations in similar fields. These organisations could then leverage on each other's strengths and build more robust programmes and demonstrate more impact. Synergies with similar organisations will increase the ability to bargain with donors and the government in order to advance not-for-profit interests as a whole. It is recommended that an umbrella body be established to act as a secretariat for not-for-profit organisations and to engage with international

donors to secure additional funding for organisations. This umbrella organisation could act on behalf of not-for-profit organisations and as such would contribute to the sustainability of these organisations in Namibia.

#### **7.4 IMPLICATIONS OF THE RESEARCH**

The implications of the research include the development of a strategic management model that not-for-profit organisations could use to guide thinking on strategic management and sustainability. Additionally, it would contribute to the professionalisation of such organisations in Namibia and would help not-for-profit organisations to become sustainable and have a lasting social impact. If organisations could continue without donor support, the implications for donors would be that their funding and support for such organisations would leave a legacy in the form of their development work in that country.

Moreover, if not-for-profit organisations make use of the adapted model, donors could potentially monitor and evaluate these organisations beyond the project period to encourage effective and efficient organisations and promote better synergies between such organisations, the government and the beneficiaries. This thesis will be provided in electronic format to donors, the MoHSS and participants with the aim of stimulating discussion on ways in which not-for-profit organisations can become more sustainable.

#### **7.5 SIGNIFICANCE OF THIS STUDY**

The identified shortcomings in the research are that not-for-profit organisations in Namibia do not use any particular model for strategic management and that these organisations focus on short-term project management. Further research shortcomings include the fact that not-for-profit organisations in Namibia do not have a focus on sustainability, in particular financial, programme and people aspects, nor do they make use of any tools for doing internal and external analysis to assist them in strategy making and strategic management.

The significance of this research is that it contributes to knowledge in both theoretical and practical terms. The significance of this study in theory is that a systematic review of the literature revealed that since 1981 to 2016, only 13 articles

relating to empirical studies have been published on the topic of strategic management in not-for-profit organisations (Laurett & Ferreira, 2018:15). This research linked the study results to the theory and added to existing theory on triangular sustainability in terms of the financial, programme and people constructs. Furthermore, it adds to theory in that it proposes an adapted model for strategic management which not-for-profit organisations could use to address sustainability challenges. This research contributes by adding to empirical evidence on not-for-profit organisations in Namibia.

Additionally, the research is significant as it contributes practically to management theory and professional management practice in not-for-profit organisations by providing insights into the process of strategic management in these organisations in Namibia. It adds further to the practical issues as the research identified that not-for-profit organisations contribute significantly to Namibia's economy and employ around 0.7% of the workforce. Thus, the sustainability of these organisations is crucial. However, the most significant practical contribution of the research is the adapted strategic management model which addresses the shortcomings in sustainability as it relates to financial, programme and people constructs. This model also addresses the tools useful for strategy making as well as implementation, monitoring, evaluation and improvement.

## **7.6 LIMITATIONS OF THE STUDY**

This research was aimed at strategic management and sustainability in not-for-profit organisations in Namibia, but it had some limitations. Firstly, the study focused only on not-for-profit organisations in Namibia that received funding from the President's Emergency Plan for AIDS Relief (PEPFAR), and owing to this demarcation, the study had a limited scope. The fact that the database of organisations provided by PEPFAR did not include all organisations was another limitation, and purposive sampling techniques were used to identify another organisation not included in PEPFAR's list. Further, owing to the small sample size, all 12 organisations funded by PEPFAR (excluding the government, parastatals and tertiary organisations) were approached to be included in the study but only eleven organisations agreed to participate, thus leading to the identification of an unlisted organisation as just mentioned. Another limitation of the study was the fundamental assumption that the

use of a model would enhance not-for-profit organisations' strategic management processes and would result in a sustainable organisation. Further limitations were that not-for-profit organisations included in the study had a strong focus on technical capability to ensure projects were implemented effectively, and not enough focus on business acumen and resource mobilisation that would contribute to organisational sustainability. Obtaining gatekeeper permission from the not-for-profit organisations, time constraints in completing the interviews and the cost implications and travel required for conducting the interviews were other limitations of this study.

## **7.7 AREAS FOR FUTURE RESEARCH**

Future areas for research could be to expand on existing studies by contributing to the theoretical background of not-for-profit organisations. Studies should focus on the operations and management of not-for-profit organisations. Additionally, future research could test the application of the adapted model and whether it results in more sustainable organisations.

In addition, further research should focus on organisations in Namibia and other not-for-profit organisations that fall outside those included in this study to gain an understanding of the strategic management process. Furthermore, it is suggested that future research should delve more deeply into the way in which strategic management is done in other not-for-profit organisations not funded by PEPFAR. It may also be useful to broaden the scope of study to include certain for-profit organisations in Namibia.

A comparative study could be conducted on the models and implementation of strategic management between not-for-profit organisations and for-profit organisations in Namibia, and could also be expanded to include other countries, specifically developing countries. A final suggestion for further research is that the same study could be replicated after a period of time to see whether those organisations that started to use the adapted strategic management model had made some improvements in terms of sustainability.

## **7.8 CONCLUSION**

The purpose of this chapter was to summarise the study. As the study was on “the sustainability of not-for-profit organisations in Namibia”, the literature review focused on strategic management, sustainability and not-for-profit organisations. A brief discussion of the research methodology was followed by the data analysis and research outcomes. The primary objective of the study was to adapt a model which would enable not-for-profit organisations to improve their strategic management and to address limitations in the financial, programme and people aspects of their strategic management process. This adapted model was presented in the sixth chapter.

The adapted model offered by this study encapsulates strategic management and triangular sustainability in terms of financial, programme and people aspects. Additionally, the model includes tools for strategy making as well as components relating to monitoring, evaluation and improvement. Several recommendations were made in this chapter which not-for-profit organisations and donors could consider in future strategic management. The theoretical and practical implications, as well as the significance of the research, were discussed. Finally, the research limitations were discussed and areas for future research were suggested.

This study on the sustainability of not-for-profit organisations in Namibia essentially maintains that strategic management is important if organisations are to become sustainable, and that sustainability should focus on three aspects: financial, programme and people. The model presented in this study aims to address triangular sustainability and strategic management. It is expected that by using the adapted model not-for-profit organisations will become viable and have a lasting social impact.

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## **Annexure A: Interview schedule**

### **Introduction**

Thank you for making time to be interviewed today. I am a PhD student at the University of South Africa (Unisa), undertaking a study examining how strategic management could be used to ensure the sustainability of not-for-profit organisations in Namibia. I would like to gain an understanding of the factors taken into consideration when strategies are implemented in your organisation. The interview should take approximately 1 to 1.5 hours.

Your organisation was selected to participate in this study as it is a not-for-profit organisation that receives funding from the President's Emergency Plan for AIDS Relief (PEPFAR). You were personally selected to participate in this study due to your role within the organisation. 12 organisations will take part in this study in Namibia. Your participation will assist in gathering information on how strategic management principles could be applied to contribute to the sustainability of not-for-profit organisations in Namibia, and to develop a model that not-for-profit organisations could use to tailor their strategic management for sustainability processes.

[HAVE EACH PERSON READ CONSENT FORM AND SIGN]

I will now ask you some questions. Please let me know if anything is unclear or confusing.

### **Section A: Introductory and demographic questions**

The following questions concern your position and other information regarding the organisation. Completion of this information is voluntary and confidentiality is assured. No individual data will be reported.

1. Please introduce yourself. Please expand on your nationality, age, highest academic qualifications and professional background.
2. How long have you worked for this organisation, and what is your current position within the organisation?
3. Please elaborate on the background of your organisation such as the main

donors, period of funding, affiliation to other organisations and how long the organisation has been operational in Namibia?

4. How long the organisation has been operational in Namibia.
5. How many employees are currently employed at the organisation?
6. Has this number of employees remained stable for the last three years? Explain.
7. What are the greatest challenges faced by your organisation?

### **Section B: Sustainability**

8. What is your understanding of the term “sustainability” and how would you describe the importance thereof as it relates to your organisation?
9. What do you think are the most important aspects, characteristics or determinants of organisational sustainability?
10. How are these sustainability aspects, characteristics or determinants addressed at a strategic level in your organisation?

### **Section C: Strategic management**

11. What does the term “strategic management” mean to you?
12. How is strategy developed and implemented in your organisation?
13. Who is involved, and do you consult?
14. How is the implementation of your organisation’s strategy evaluated?
15. How could your organisation’s strategic management process be improved?

### **Section D: Strategic management and financial sustainability**

16. Do you have fundraising initiatives included in your strategy?
17. How do changes in funding and donor requirements impact on your organisation?
18. How does your organisation prepare for and manage anticipated or unanticipated changes in funding and donor requirements?
19. How does your organisation conduct financial analyses to assist in strategic

planning? Please describe.

20. How many donors does your organisation have for the current financial year?  
If funding ceases today, what contingency plans does your organisation have in place until other funding can be secured?

### **Section E: Strategic management and programme sustainability**

21. What performance target(s) do you report on to your donors, and how were these targets perceived in the last report?
22. How do these targets adequately capture the impact on society? Explain.
23. What initiatives does your organisation have to improve the quality and efficiency of the impact and target(s) of the programmes you implement?
24. How do you determine whether the needs of the beneficiaries or the communities in which your organisation operates are aligned to what the donors expect?
25. Are there other not-for-profit organisations in Namibia that deliver similar services?

If yes:

- a. How does the presence of competing organisations hinder your organisation's ability to obtain funding and demonstrate your programme's impact on society as a whole?

If no:

- b. How does the absence of other not-for-profit organisations strengthen your organisation's position to get funding and demonstrate your programme's impact on society as a whole?

### **Section F: Strategic management and people sustainability**

26. How do the board of directors' skills and capabilities complement the development and implementation of your organisation's strategic plan?
27. How do differences in remuneration packages (of not-for-profit organisations compared to for-profit organisations) impact the talent that your organisation employs?

28. How does your organisation manage this?
29. How would you describe the quality and skills composition of the staff in your organisation?
30. How would you describe the quality of the technical expertise, programme management skills, managerial ability and business acumen in the organisation?
31. How is talent retention in the organisation managed in terms of project-based funding?

## **Conclusion**

This concludes our interview. Do you have any final remarks or questions for me to consider?

Thank you for your valuable time and participation in this interview. Please be assured that the information you provided will remain confidential and your responses will be anonymised.



## Annexure B: Letter – Ethics approval



### UNISA DEPARTMENT OF BUSINESS MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

27 November 2018

Dear Ms Maritza Velicia Titus,

**Decision: Ethics Approval  
from 27 November 2018  
to 26 November 2023**

ERC Reference #: 2018\_CEMS\_BM\_080

Name: Ms Maritza Velicia Titus

Student #: 62142143

Staff #: 90167546

**Researcher(s):** Ms Maritza Velicia Titus  
E-mail address: maritza.titus@gmail.com  
Telephone #: +264 81 222 9974

**Supervisor (s):** Dr Thea Visser  
E-mail address: vissed@unisa.ac.za  
Telephone #: 012 429 2113

#### **Working title of research:**

The sustainability of not-for-profit organisations in Namibia

**Qualification:** PhD degree

Thank you for the application for research ethics clearance by the UNISA Department of Business Management Ethics Review Committee for the above mentioned research. Ethics approval is granted for 5 years, from 27 November 2018 to 26 November 2023.

*The **low risk application** was **reviewed** by the Department of Business Management Ethics Review Committee on 7 November 2018 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The decision will be tabled at the next Committee meeting on 23 January 2019.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.



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2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Department of Business Management Ethics Review Committee.
3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date (26 November 2023). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

*Note:*

*The reference number **2018\_CEMS\_BM\_080** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



Chair: Prof Sharon Rudansky-Kloppers  
Department of Business Management  
E-mail: [rudans@unisa.ac.za](mailto:rudans@unisa.ac.za)  
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Economic and Management Sciences  
E-mail: [mogalmt@unisa.ac.za](mailto:mogalmt@unisa.ac.za)  
Tel: (012) 429- 4805

## Annexure C: Full code list

Code	Comment
Affiliations	Affiliation to other organisations (Question 3)
Age	Age of the respondent (Question 1)
Alignment of needs to donor expectations	Alignment of the needs of the beneficiaries to donor expectations (Question 24)
Characteristics of sustainability	Most important aspects/ Characteristics of sustainability (Question 9)
Competition	Competition for Funding (Question 25)
Contingency - funding cease	Impact of loss of funding and contingency plans (Question 20)
Criticisms for donors	Criticisms or improvements for donors to consider
Dependency on donor funding	Change in funding and impact (Question 17)
Donor influence	Donor influence on sustainability, (Question 17&18)
Employee numbers stable - Last 3 years	Employee numbers stable (Question 6)
Financial analyses	Types of analyses used in strategic management (Question 19)
Flexibility in strategic management	Flexibility in the strategic management process
Funding ceases - results	What contingency plans if funding ceases (Question 20)
Getting additional funding	Funding initiatives (Question 16)
Greatest challenges	Greatest challenges faced by the organisation (Question 7)
HIV and development	HIV & development
if the funding comes to an end	What contingency plans if funding ceases (Question 20)
Impact of change in donor requirements	Impact of changes, (Question 17&18)
Impact on society	Impact on society (Question 22)
Implementation of strategic plan	Strategic Plan developed and implemented (Question 12)
Implementation of strategy - support	Strategic Plan developed and implemented (Question 12)
Importance of Board of Directors	Skills of Board of Directors (Question 26)
Importance of People	Importance of people
Importance of sustainability	Understanding and importance of sustainability (Question 8)
Improvements in strategic management process	Strategic management process improved (Question 15)
Last comments	Final comments
Main activities	Main activities (Question 3)
Main donor	Main donor (Question 3)
Managing the shortage of skills	Managing skills shortage (Question 31)
Meaning of sustainability	Understanding of sustainability (Question 8)
Nationality	Nationality (Question 1)
Need for not-for-profit organisations	Need for not-for-profit organisations
Number of donors	Number of donors (Question 20)
Number of employees	Current number of employees (Question 5)
Number of years in Namibia	Organisation operational in Namibia (Question 4)
Operational structure	Operational structure



## Full code list (cont'd)

Code	Comment
Other activities	Other activities (Question 4)
Parties involved in strategic management	Parties involved in strategic management process (Question 13)
Performance measurements	Performance targets (Question 21)
Performance measurements - perceived	Performance targets perceived (Question 21)
Period of funding - Funding cycle	Funding cycle (Question 20 & 3)
Position in current org	Current position with organisation (Question 1)
Positioning for relevance	Positioning for relevance
Purpose of development organisations	Purpose of not-for-profit organisations
Qualification	Highest qualification of the respondent (Question 1)
Quality improvement - achieving targets	Improvements in quality and efficiency (Question 23)
Quality of skills	Quality of skills (Question 29 & 30)
Setting of targets	Setting of targets and monitoring and evaluation (Question 21)
Setting targets - advocacy	Setting of targets and monitoring and evaluation (Question 23)
Similar organisations	Competition
Similar organisations - negative	Competition
Similar organisations - positive	Competition
Staff retention	Talent retention (Question 31)
Strategic management meaning	Meaning of SP (Question 11)
Strategy evaluation	Evaluation of strategy (Question 14)
Sustainability and strategic planning	How sustainability addressed on strategic level (Question 10)
Sustainability in activities	Sustainability in activities
Sustainability in funding	Sustainability in funding
Sustainability in people	Sustainability in people
Talent and remuneration	Differences in remuneration packages & management (Question 27 & 28)
Type of ownership	Type of ownership
Years of development experience	Number of years of development experience (Question 1)
Years with organisation	Number of years with organisation (Question 2)

**Annexure D: Letter confirming editing of thesis**

*Alexa Barnby*  
*Language Specialist*

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Editing, copywriting, indexing, formatting, translation

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BA Hons Translation Studies; APed (SATI) Accredited Professional Text Editor, SATI

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21 January 2020

To whom it may concern

This is to certify that I, Alexa Kirsten Barnby, an English editor accredited by the South African Translators' Institute, have edited the doctoral thesis titled "**THE SUSTAINABILITY OF NOT-FOR-PROFIT ORGANISATIONS IN NAMIBIA**" by Maritza Velicia Titus.

The onus is on the author, however, to make the changes and address the comments made.

